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**NAVAL  
POSTGRADUATE  
SCHOOL**

**MONTEREY, CALIFORNIA**

**THESIS**

**ECONOMIC MOTIVES BEHIND THE 2011 EGYPTIAN  
REVOLUTION**

By

Gokhan Akcesme

September 2014

Thesis Co-Advisors:

Victoria Clement  
Robert Looney

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Although it took place over only 18 days, the 2011 Egyptian Revolution was a significant socio-political event in modern Middle East history. As a part of an upsurge of protest movements across the region, the Egyptian revolution followed Tunisia's successful revolution. These protests incited many questions and intersectional studies that have looked at economic, social, and political factors that came into existence leading to the "Arab Spring." Focusing on Egypt as a case study, this thesis examines the economic motives of the revolution that grew out of those factors. Specifically, it focuses on the concepts of poverty, unequal income distribution, and youth unemployment as major reasons of the protesters' unrest. Change in the political system has had a clear impact on the country's foreign relations and stability in Middle East. Therefore, understanding the role of economic motives in the revolution is vital to understanding Egyptian foreign relations and their influence on stability. Moreover, studying the role of those economic conditions in Egypt could be helpful for any other country concerning future policies regarding uprisings and political instabilities. Thus, the results of this study could be used to assess an alternate and more sustainable strategy aimed at maintaining and promoting stability.

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**ECONOMIC MOTIVES BEHIND THE 2011 EGYPTIAN REVOLUTION**

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Submitted in partial fulfillment of the  
requirements for the degree of

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## ABSTRACT

Although it took place over only 18 days, the 2011 Egyptian Revolution was a significant socio-political event in modern Middle East history. As a part of an upsurge of protest movements across the region, the Egyptian revolution followed Tunisia's successful revolution. These protests incited many questions and intersectional studies that have looked at economic, social, and political factors that came into existence leading to the "Arab Spring." Focusing on Egypt as a case study, this thesis examines the economic motives of the revolution that grew out of those factors. Specifically, it focuses on the concepts of poverty, unequal income distribution, and youth unemployment as major reasons of the protesters' unrest. Change in the political system has had a clear impact on the country's foreign relations and stability in Middle East. Therefore, understanding the role of economic motives in the revolution is vital to understanding Egyptian foreign relations and their influence on stability. Moreover, studying the role of those economic conditions in Egypt could be helpful for any other country concerning future policies regarding uprisings and political instabilities. Thus, the results of this study could be used to assess an alternate and more sustainable strategy aimed at maintaining and promoting stability.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

ARC	The Agricultural Research Centre
BIC	The Bank Information Center
CAPMAS	Central Agency for Public Mobilization and Statistics
GDP	gross domestic product
HIECS	Household Income, Expenditure, and Consumption Survey
MDGs	Millennium Development Goals
OECD	Organisation for Economic Co-operation and Development
SCAF	Supreme Council of the Armed Forces
SWB	subjective well-being
SYPE	Survey of Young People in Egypt
WVSs	World Values Surveys

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## I. INTRODUCTION

Since the beginning of 2011, many Arab countries have been experiencing change in riots. This change has resulted in revolutions in some countries. Real change began in the small country of Tunisia, where dozens were left dead following a month of violent protests and demonstration, which made thousands of people rush out into the street. Ben Ali, the Tunisian president, fled to Saudi Arabia with his family on January 14, 2011, and protests gained its first success, causing a revolution.

Riding the wave of revolution, millions of Egyptians gathered in cities on January 25, 2011, especially in Cairo's Tahrir Square. At the outset, tensions were high between the protestors and police, and violence not only spread in Cairo, but also in Suez. The government took harsh precautions against these tensions, applying riot-control strategies, and prevented all types of communication. However, protests had reinitiated by January 28, and the police had moved back. The security mission was assumed by the military, disregarding major problems in the everyday security mechanism. As the pressure on President Hosni Mubarak increased, the scale of the demonstrations kept rising, mainly at organized Friday gatherings.

As in Tunisia, the conditions in Egypt made the country ripe for revolution. A small group of businessmen, mostly friends of Gamal Mubarak (son of Hosni Mubarak), had full control over the economy and were running it in pursuit of personal interests. Forty million Egyptians, half the population, were living below the poverty line, on less than two dollars a day. A few rich people lived like kings in their palaces and resorts, travelling in private planes, whereas poor people were unable to feed their families and were committing suicide or sometimes dying in fights to obtain cheap bread or bottles of propane.<sup>1</sup> The army of Egypt finally joined with the struggling population and overthrew Hosni Mubarak in February 2011, following the protests and brutal police response that made the country chaotic.

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<sup>1</sup>Alaa Al Aswany, *On the State of Egypt: What Made the Revolution Inevitable* (London: Vintage Books, 2011), 7.

## **A. IMPORTANCE OF THE STUDY**

The 2011 Egyptian Revolution, although it took place over only 18 days, was a significant socio-political event in modern Middle East history. The revolution began with street protests demanding political, economic, and social changes, and concluded with the toppling of President Hosni Mubarak. Promising presidential and parliamentary elections within the year, the Supreme Council of the Armed Forces (SCAF) took power temporarily.

As a part of an upsurge of protest movements across the region, the Egyptian revolution followed Tunisia's successful revolution. These protests incited many questions and intersectional studies that have looked at economic, social, and political factors that came into existence leading to the "Arab Spring." Focusing on Egypt as a case study, we will examine the economic motives of the revolution that grew out of those factors. Specifically, we will focus on the concepts of poverty, unequal income distribution, and youth unemployment as major reasons of the protesters' unrest. Exploring the time period from Gamal Abdel Nasser to Hosni Mubarak is vital for analyzing important social changes that were caused by the various economic systems the Egyptian leaders put in force. It is also significant to indicate that the past decade experienced a constant increase in uprisings throughout the country, and social movements and political opposition had steadily increased those uprisings' burden. The system was slowly failing; it was just a matter of how and when it would collapse.

Change in the political system has had a clear impact on the country's foreign relations and stability in Middle East. Therefore, understanding the role of economic motives in the revolution is vital to understanding Egyptian foreign relations and their influence on stability. Moreover, studying the role of those economic conditions in Egypt could be helpful for any other country concerning future policies regarding uprisings and political instabilities. Thus, the results of this study could be used to assess an alternate and more sustainable strategy aimed at maintaining and promoting stability.

Whether the poverty, unequal income distribution, and youth unemployment are the only reasons for the January 25, 2011 Revolution, it is still important to study these factors as they may ultimately have an impact on other countries in the near future. The civil unrest across the Middle East took the world by surprise, and therefore, it is vital to study and understand the role and the possible impact of the economic conditions on revolutionary change. Studying and closely monitoring these economic motives aids in the effort to understand the enthusiasm of those who seek to create political change under oppressive authoritarian rules. In addition, studying economic conditions can offer insight as to why regimes may re-strategize domestic and foreign economic policies depending on whether or not the economic conditions of people pose a threat to their rule. The governments that have assumed control following the overthrow of the former abusive governments should try to address such grievances and inequities as soon as possible; otherwise, they may face the same fate as their predecessors, and much blood will have been spilled in vain.

## **B. METHODS AND SOURCES**

The primary analytical methodology is a process-tracing method, which is part of the case study approach.<sup>2</sup> We will use the last ten years of Egypt's economy before the revolution as the focus of the thesis. In the last part of the thesis, we will include the lessons learned from this case study and suggestions for how to apply these lessons to other case studies.

We will not provide a statistical analysis, but will use statistical data to show the effects of the economic conditions before the revolution. We will use the recently revealed sources about the socio-economic situation of the Egyptian people, and will use surveys such as the Survey of Young People in Egypt (SYPE), and the Household Income, Expenditure, and Consumption Survey (HIECS) 2010–2011.

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<sup>2</sup> Stephen Van Evera, *Guide to Methods for Students of Political Science* (Ithaca: Cornell University Press, 1997), 52, 136.

This thesis will include an historical study starting from the Hosni Mubarak ruling era, which began in 1981, and look into the political aspect of the reforms and explore the political events that affected the 2011 Egyptian Revolution. These incidents are mostly the well-known conflicts, such as Friday gatherings.

We will use survey data, collected by researchers, articles, books, newspapers, and online resources during my research. As the surveys include the opinions of ordinary people who experienced the economic conditions before the revolution, this study will provide some insight into the motivations that led to the revolution.

We will provide four main chapters and conclusion one, which will elucidate the reasons behind the revolution in deep. Chapter II, “Critical Views on the History of Revolution in Egypt,” will explain what revolution is, its place in Egyptian history, and the views of scholars on the causes of the 2011 Egyptian Revolution. Chapter III, “What Causes a Revolution?” will chiefly focus on why factors other than poverty, such as inequality and unemployment, were not the main motives behind the revolution, and why they did not play a big role in inciting people to the street. In Chapter IV, “The Role of Poverty in the 2011 Egyptian Revolution,” we will discuss the changing poverty conditions in Egypt, and their role in the revolution. Chapter V, “Poverty and Inequality as Contributing Factors,” will investigate the role of inequality and its relation to the poverty that we discussed in the previous chapter. It will demonstrate that inequality was one of the most important factors leading to the revolution in Egypt. In Chapter VI, “The Role of Unemployment in the 2011 Egyptian Revolution,” we will clarify why unemployment among the youth was another main reason causing the revolution. It will show how unemployment increased for the young people prior to 2011 and made the young desperate with no hope for the future. For the last chapter, we will summarize the conclusions that we came up in each chapter and give a clear picture of why the 2011 Egyptian Revolution happened.

## II. CRITICAL VIEWS ON THE HISTORY OF REVOLUTION IN EGYPT

This chapter provides an overview of the critical analyses and definitions of revolutions in general. It also offers a brief history of revolutions in Egypt and concludes with critical views on the 2011 revolution in particular.

### A. LITERATURE REVIEW

Revolution is a process of rapid and fundamental change of social, economic, and political systems, leading to the collapse of an old regime and its associated elite. By studying concepts and historical examples of revolutions, we can find some valuable points common for all revolutionist movements, thus helping analyze the motives for the Egyptian Revolution.

Ted Robert Gurr defines revolution as a “highly organized political violence with widespread general participation, designed to overthrow the regime or dissolve the state and [it is] accompanied by extensive violence.”<sup>3</sup> The term *revolution* can be used differently in many contexts; however, it usually means a violent overthrow of a regime or social structure or a great sudden change in social principles. A revolution typically characterizes a complete change from one way of doing something to a different way that usually represents the reverse.

Gurr writes, “men are quick to aspire beyond their social means and quick to anger when those means prove inadequate, but slow to accept their limitations.”<sup>4</sup> He also states that, “people act out their frustrations if they believe that they stand a chance of relieving some of their discontent through violence.”<sup>5</sup> He explains this by signifying that angry people are likely to be more open to arguments, so emotion eliminates the calculation, making their acts less than rational.

---

<sup>3</sup> Ted Robert Gurr, *Why Men Rebel* (Princeton, New Jersey: Princeton University Press, 1970), 11.

<sup>4</sup> Ibid., 58.

<sup>5</sup> Ibid., 210.

Jeff Goodwin provides two definitions for revolution. In one, he defines revolution as “any and all instances in which a state or a political regime is overthrown and thereby transformed by a popular movement in an irregular, extra-constitutional, or violent fashion.” He narrows his definition and points out “revolutions entail not only mass mobilization and regime change, but also more or less rapid and fundamental social, economic, or cultural change, during or soon after the struggle for state power.”<sup>6</sup> Both definitions tell us that revolutions are instruments for changing a system.

From another perspective, Jack Goldstone defines revolution as “an effort to transform the political institutions and the justifications for political authority in society, accompanied by formal or informal mass mobilization and non-institutionalized actions that undermine authorities.”<sup>7</sup> He does not talk about large mobilization movements. He simply mentions revolution as an effort to change political institutions.

Proponents of Marxist thought use the term *revolution* in a very particular way. While reforms are changes in the existing social and cultural system, social revolutions cause a sudden shift from one social order to another. For example, Theda Skocpol described revolution as the “rapid, basic transformations of a society’s state and class structures; and they are accompanied and in part carried through by class-based revolts from below,”<sup>8</sup> attaching revolutions to a combination of several conflicts between state, bourgeoisies, and the lower class. She also states, “Revolutions are not just extreme forms of individual or collective behavior. They are distinctive conjectures of socio-historical structures and processes,”<sup>9</sup> attributing revolutions to social elements.

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<sup>6</sup> Jeff Goodwin, *No Other Way Out: States and Revolutionary Movements, 1945–1991* (New York: Cambridge University Press, 2001), 9, 407.

<sup>7</sup> Jack A. Goldstone, “Toward a Fourth Generation of Revolutionary Theory,” *Annual Review of Political Science* 4, no. 1 (June 2001), 139, 142.

<sup>8</sup> Theda Skocpol, *States and Social Revolutions: A Comparative Analysis of France, Russia, and China* (New York: Cambridge University Press, 1979), 4.

<sup>9</sup> Theda Skocpol, “France, Russia, China: A Structural Analysis of Social Revolutions,” *Comparative Studies in Society and History* 18, no. 2 (April 1976), 177.

What observable political conditions ought to prevail before a revolution begins? Charles Tilly states that three conditions appear to be necessary, and a fourth strongly facilitating. Following are the four necessary conditions.

1. Alliances or coalitions of contenders, bringing forward claims to the control of the state that is currently being controlled by the members of the regime.
2. A significant part of the given population's commitment to those claims.
3. Reluctance or ineffectiveness of the government to put an end to these alternative coalitions or people's commitment to their claims.
4. Establishment of alliances or coalitions between members of the regime and the contenders bringing forward alternative claims.<sup>10</sup>

From a different point of view, James DeFronzo explains conditions that make revolutions possible in terms of five factors: mass frustration, divided elites, unifying motivations that unite different social groups in support of revolution, a severe political crisis for the government—including legitimacy loss and loyalty of armed forces—and a permissive or tolerant world environment in which other nations do not intervene to stop a revolution from developing.<sup>11</sup>

He argues that a high amount of mass discontent usually stems from three conditions independently or a combination of them: a decline in living situations; a change in the moral tolerability of current conditions involving people feeling that their lives can and should be better; or a period of betterment in the people's living conditions followed by a severe decline.<sup>12</sup> Displeasure prior to an outburst of a revolutionary movement is often deepened by sensational events that stir up many people, such as violent government suppression of challengers.

According to Jack Goldstone, revolutions rarely triumph because the conditions mentioned previously rarely coincide. Monarchic states are able to sustain popular support by making appeals to respect nationalism and royal tradition. Privileged elites,

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<sup>10</sup> Charles Tilly, "Does Modernization Breed Revolution?" *Comparative Politics* 5, no. 3, *Special Issue on Revolution and Social Change* (April 1973): 425–447.

<sup>11</sup> James DeFronzo, *Revolutions and Revolutionary Movements* (Boulder, Colorado: Westview Press, 2007), 12.

<sup>12</sup> DeFronzo, *Revolutions and Revolutionary Movements*, 13–14.

who are often enriched by such governments, will only abandon them if their conditions or the doctrine of the rulers changes radically. It is difficult for a general mobilization to triumph because it requires reconciliation of the different interests of the rural or urban poor, students, the middle class, and many ethnic or social groups. There are many events in history, such as student activists, workers' strikes, and peasant uprisings, which were quickly suppressed because they were a movement of one single group rather than a large united effort. Moreover, other international states have often gotten involved in these uprisings to support authoritarian rulers in order to preserve balance and make the international system stable.<sup>13</sup>

Even if revolutionary efforts fail, they can result in significant social change. Government or dominant groups will make concessions to settle down the protestors who are trying to make an important change in society. Even if these concessions do not satisfy the people's demands for total change, they can indicate significant progress. At times, social change can take place step-by-step because even unsuccessful revolts may gradually lead a society into a different way until a new lifestyle is finally achieved.

Not all turbulence should be labeled as revolution. Political turmoil is highly possible during the *process* of modernization. In Samuel Huntington's words, "It is not a lack of modernity, but rather the effort to achieve it that causes political turmoil."<sup>14</sup> Social mobilization and economic development may be disruptive. For example, economic development results in high economic inequality and social mobilization causing that inequality to be less legitimate.<sup>15</sup> A discrepancy between the public well-being and private interest becomes apparent when a culture improves, resulting in the rise of corruption as a problem. This problem can lead to the entrance of new groups to the current political system, or it can promote economic growth if government creates it through the expansion of government regulation. Though corruption may weaken the

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<sup>13</sup> Jack A. Goldstone, "Understanding the Revolutions of 2011: Weakness and Resilience in Middle Eastern Autocracies," *Foreign Affairs* 90, no. 3 (May/June 2011): 8–16.

<sup>14</sup> Samuel P. Huntington, *Political Order in Changing Societies* (New Haven, Connecticut: Yale University Press, 1968), 41.

<sup>15</sup> *Ibid.*, 59.

current regime, it can make political parties stronger and, in fact, promote political development in countries where the regime has too much authority.<sup>16</sup>

As discussed previously, Skocpol states that social revolutions are rapid and basic transformations of a society's state and class structures. What makes social revolutions important is that basic changes in social and political structure occur, and these changes take place by means of intense sociopolitical conflict.<sup>17</sup> In the end, these changes lead to the collapse of one system and the erection a new one.

The French Revolution was a social and political one that supplanted feudalism with capitalism. People did not just get rid of the monarchy, but also they killed thousands of aristocrats who had taken advantage of people for centuries. Peasants made up most of the people, and the feudal relationship between those peasants and landlords was eradicated. This change paved the way for capitalist relationships of manufacture and trade.

In *Comparative Revolutionary Movements*, Thomas H. Greene argues that if economic conditions of a state worsen, they can lead to a revolution.<sup>18</sup> The reason for the economic downturn, which led to the overturning of the government in Ghana in 1966, was the worsening agricultural production that caused great trade imbalance, a huge overseas loan, and extremely high unemployment rates.<sup>19</sup> Likewise, the economic crisis between the 1970s and 1980s in Poland exploded in enormous revolts and high rates of discontent.<sup>20</sup> Neil Smelser states that economic issues, such as unemployment, food scarcities, rising food prices, and decreased earnings are related to the upsurge of violence between Mexico and England in a situation similar to what was seen before the French Revolution.<sup>21</sup>

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<sup>16</sup> Ibid., 69–70.

<sup>17</sup> Skocpol, *States and Social Revolutions*, 3.

<sup>18</sup> Thomas H. Greene, *Comparative Revolutionary Movements* (Upper Saddle River, New Jersey: Prentice Hall Publishing, 1990), 19.

<sup>19</sup> Ibid., 96.

<sup>20</sup> Ibid., 97.

<sup>21</sup> Neil J. Smelser and Richard Swedberg, *The Handbook of Economic Sociology* (Princeton, New Jersey: Princeton University Press, 1994), 73.

One of the most important factors that gave rise to the Mexican revolution in 1911 was the economic crisis that the country experienced at the end of Porfirio Diaz's rule. High levels of inflation and unemployment rates in the last four years of Diaz's reign caused Mexico to experience deterioration and stagnation. Decline in the price of sugar, which was the country's chief export product, was the main reason behind the decline in the Mexican economy. Likewise, in Cuba, the over-dependence on sugar as an economic incentive brought about high levels of unemployment and worsening economic conditions when exports to the United States diminished. The Cuban economic crisis of the late 1950s was attributed solely to sugar production levels and the ensuing unemployment. This over-dependence on a single business, together with widespread corruption and nepotism by the Batista government, also brought about increasing unemployment rates, particularly during non-growing seasons. The living standard in Cuba decreased dramatically because Cuban wages were unable to contend with high inflation levels during the 1950s.<sup>22</sup>

## **B. HISTORY OF REVOLUTIONS IN EGYPT**

Making revolution is not something new for Egyptians, because they have had three momentous revolutions in their modern history. One of them was the 1881 Urabi Revolution which dethroned a crooked and comprador monarch. The other two include the Revolution of 1919, which almost overthrew British military hegemony, and the 1952 revolution, which initiated the military despotism of Nasser, Sadat, and Mubarak for 60 years. Creating the second parliamentary regime on the African Continent, the first revolution turned out to be successful before foreign military intervention changed the form of government. After the defeat, the British formed a colonial rule in Egypt for more than 70 years. The second revolution was a persistent, widespread revolt controlled by a range of pro-democracy protestors from many different civil societies. Although violently suppressed, it did compel the British to make some concessions. The third revolution in Egypt was different from the first two, because it was a revolution that went

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<sup>22</sup> Brian H. Pollitt, *Sugar, "Dependency," and the Cuban Revolution* (Glasgow, Scotland: University of Glasgow, 1985), 196–197.

out of its way to restrict popular involvement.<sup>23</sup> During this era, there were strict restrictions on people's way of life and the country was under the control of dictators. In 1881, the regime of the royal family ended and a course of British removal from Egypt began.

### C. VIEWS ON THE CAUSES OF THE 2011 EGYPTIAN REVOLUTION

What are the causes that gave rise to the important synergy and resistance in the most recent revolution in Egypt? Three main reasons have emerged to explain this mystery: technology, Tunisia, and discomfort.<sup>24</sup> It is obvious that Tunisian unrest was a catalyst, motivating Egyptians to rush out into the streets. The Tunisian government was even more oppressive than the government of Egypt. So if the Tunisians were able to rid themselves of their ruthless dictator, why could the Egyptians not manage to rid themselves of theirs? Tunisian upheaval might have been the starting point, but there were many other important changes in Egypt's political and social environment that also gave rise to the revolution. Egyptians had increasingly resorted to protests and street politics to claim their demands and disrupt the position of their leaders. Since 2004, Egypt had seen an increasing number of protests and rallies led by textile and health workers, judges, doctors, pharmacists, lawyers, transportation workers, and even property tax collectors. These workers wanted better salaries and working conditions, as well as relief from the harsh poverty that had distressed most of the people. By contrast, the rich became richer, and the public organizations that in the past had delivered service to poor Egyptians descended into disrepair, and jobs decreased as well.<sup>25</sup> People fell into a miserable situation where there were no hopes left for a better future for their children.

There are many other assessments regarding the origins of the Egyptian 2011 Revolution. Political thinker and strategist Dr. Tarek Heggy, one of Egypt's more famous authors on the subject of political reform in Egypt, states that the Egyptian people's desire for democracy, the ruling system, and legal elections were the main motives for the

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<sup>23</sup> Al Aswany, *On the State of Egypt*, 7.

<sup>24</sup> Ibid., 21.

<sup>25</sup> Saba Mahmood, "The Architects of the Egyptian Revolution," *The Nation*, February 14, 2011.

revolution. Another specialist, Mohammed Fadel, states that bribery and corruption in the government were the most important reasons behind the revolution.<sup>26</sup>

Mona El-Ghobashy expresses in her article that the 2011 Revolution occurred because there had been an unexpected change in the equal distribution of resources between the ruled and the rulers.<sup>27</sup> She also provides three reasons for the revolution: “technology, Tunisia, and tribulations.”<sup>28</sup> Moreover, Ursula Lindsey has argued that social media, whereas it did not directly bring about the upheaval, shared a significant role in connecting the people who would later join in the protests.<sup>29</sup> The Bank Information Center (BIC)<sup>30</sup> in 2007 reported that the World Bank had identified the following problems as among the most tenacious challenges that Egypt faced in fighting poverty and maintaining sustainable development: high unemployment, increasing poverty, social and economic inequality, high budget deficit, and net public debt. Every problem, whether it was corruption, the country’s foreign policy, economic conditions, or social problems, played a role in motivating Egypt’s people to revolt.

Young people in particular had important access to information and communication networks, such as mobile phone services, new social media, and TV. These forms of communication became even more important as events blossomed. While the government used the state’s information disseminating systems to spread propaganda against the rebellions, the protesters dispersed their message by using means that were creative, disciplined, and revolutionizing. The victory of the revolution, at least as its main demand, the resignation of Mubarak, was associated with the defamation of state-controlled newscast and a blossoming of *home-produced* media of all kinds.<sup>31</sup>

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<sup>26</sup> Mohamed Fadel, “Public Corruption and the Egyptian Revolution of January 25: Can Emerging International Anti-Corruption Norms Assist Egypt Recover Misappropriated Public Funds?” *Harvard International Law Journal* 52 (April 2011): 293.

<sup>27</sup> Mona El-Ghobashy, “The Praxis of the Egyptian Revolution,” in *The Journey to Tahrir*, ed. Jeannie Sowers and Chris Toensing (London; New York: Verso, 2012), 22.

<sup>28</sup> El-Ghobashy, “The Praxis of the Egyptian Revolution,” 21.

<sup>29</sup> Ibid., 54.

<sup>30</sup> “Home - Bank Information Center,” Bank Information Center RSS2, <http://www.bicusa.org/>.

<sup>31</sup> Jeannie Lynn Sowers and Christopher J. Toensing, *The Journey to Tahrir: Revolution, Protest, and Social Change in Egypt* (London; New York: Verso, 2012), 53.

While social media did not create the Egyptian uprising, they played an immense role in getting together many of the young people who would ultimately join the demonstrations. *We Are All Khalid Sa'id* was one of the Facebook groups that was created in 2010 to honor a young man who died after being beaten by police; it had more than a half-million members in the protests on January 25, 2011. These groups were instrumental in organizing the protests and a new expression has come into the Egyptian language. The Internet-led generation that organized the initial protests is known as the *Facebook Kids*.<sup>32</sup>

In general, street politics and, in particular, Arab street politics were more complicated. The Arab street is chiefly an appearance of public sentiment, but it has experienced important changes in its style and way of expression. Street politics is the contemporary theater of discontent people. It has played a great role in such massive political events as the French Revolution, anti-colonial fights, nineteenth-century industrial movements, the Velvet Revolution in Eastern Europe, and various anti-war protests. For ordinary people, the street is the main site of politics, and is the chief place to spend time for those who do not generally have positions of power. It is at the same time social and cultural, continuous and present, a home of the strange and the familiar, the visible and the verbal; the street symbolizes a complex place where opinions and attitudes are formed, spread, and voiced in a unique way.<sup>33</sup>

Economic inequalities and poverty among different groups of society are important precursors for many revolutions. Claude Welch and Mavis Taintor mention those concepts in addition to rapid economic worsening, poverty, and inequalities between manufacturing and the distribution of that merchandise.<sup>34</sup> Cynthia McClintock argues that the inconsistency between global and domestic markets causes the latter to depend on the former, concerning reliance on industrialized states for technology and

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<sup>32</sup> El-Ghobashy, “The Praxis of the Egyptian Revolution,” 54.

<sup>33</sup> Sowers and Toensing, *The Journey to Tahrir*, 75.

<sup>34</sup> Claude E. Welch and Mavis B. Taintor, *Revolution and Political Change* (Belmont, California: Wadsworth Publishing, 1972), 149.

money.<sup>35</sup> Barry Schultz and Robert Slater state that this dependence essentially triggers the separation of society and the diminishing of rural population.<sup>36</sup>

The chronic structural problems affecting the Arab world came to a head prior to 2011 through a combination of persistently high unemployment, especially among youth (and educated youth at that), internal regional and social inequalities, and poverty due to the deterioration of economic conditions because of the global 2008 financial crisis and food price increases. Beginning in the next chapter, we will explore in detail why other common contributing factors in Egypt, such as corruption or lack of democracy, were not the main factors behind the 2011 Revolution—unless they caused unbearable deprivation or poverty and economic inequality. Then we will explain the three main reasons mentioned in the earlier chapters, poverty, unequal income distribution, and high unemployment rate among the youth.

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<sup>35</sup> Cynthia McClintock, *Revolutionary Movements in Latin America: El Salvador's FMLN and Peru's Shining Path* (Washington, DC: United States Institute of Peace Press, 1998).

<sup>36</sup> Barry Mayer Schultz and Robert Owen Slater, “Revolution and Political Change in the Third World,” *Revolution & Political Change in the Third World*. (Boulder, Colorado: Adamantine Press, 1990), 34.

### III. WHAT CAUSES A REVOLUTION?

The 2011 Egypt revolution attracted significant expert analysis, especially concerning the motives of the revolution. A group of analysts has argued that dictatorship, religious and ethnic tensions, and the prevalence of gross corruption in government, were some of the main triggers of the Egyptian revolution. However, a close analysis of the 2011 revolution in Egypt shows that these factors are not sufficient catalysts for a revolution, unless they caused an unbearable deprivation or poverty and economic inequality.

#### A. WIDESPREAD CORRUPTION

To begin with, there is a strong belief that blatant corruption within the government was one of the main factors that caused the 2011 revolution. Those who hold this position argue that the prevalence of corruption within the government denied Egyptians economic empowerment. However, a close analysis of the 2011 revolution in Egypt shows that the revolt was not caused by a prevalence of corruption in the government. It is true, though, that corruption in Egypt was prevalent just before the revolt. Ann Lesch revealed that the corruption reached the highest scale in Egypt in the mid-2000s following the appointments of new cabinet ministers who used their positions to promote corruption.<sup>37</sup> According to Lesch, the newly appointed ministers used their influence to acquire and sell a large portion of the public sector for their personal gains. In addition, they also discouraged public investment in agriculture, education, housing, and health and land reclamation. In addition, the ministers promoted private investments in areas that only benefited them at the expense of the Egyptians. For instance, the most important ministers had connection with the key economic sets such as Ahmed al-Maghrary, minister of housing, was a big player in the hotel realm and Mohamed Mansour, minister of transport, was a car dealer.<sup>38</sup>

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<sup>37</sup> Ann M. Lesch, “Egypt’s Spring: Causes of the Revolution,” *Middle East Policy Council* XVIII, no. 3 (2011): 1–8.

<sup>38</sup> Ibid., 39.

Despite the high prevalence of corruption, experts believe that it did not influence Egyptians to revolt against the government. According to Yolande Knell, corruption neither caused an unbearable deprivation nor economic inequality in Egypt.<sup>39</sup> For example, despite the prevalence of corruption in the country, Egyptians continued to live a relatively decent life compared to their neighboring countries. Similarly, corruption did not prevent Egyptians from going about their businesses. Egypt is among the few African countries that have attained significant development despite the high corruption in the country. This clearly indicates that high corruption in Egypt was a minor factor for the 2011 revolt. Furthermore, corruption had been high in Egypt since the mid-2000s. As a result, if corruption had been the main issue, then Egyptians could have protested much earlier without necessarily having to wait until 2011. In this respect, the corruption in the country could only have catalyzed the revolt if it had caused an unbearable deprivation and economic inequality. However, in this case, corruption did not cause an unbearable deprivation and economic inequality.

## **B. LACK OF DEMOCRACY**

Lack of democracy is also cited as a catalyst for the 2011 revolution in Egypt. A group of politicians has argued that the many years of dictatorship of President Mubarak catalyzed the 2011 revolt. Lesch noted that President Mubarak enjoyed over three decades of dictatorship by establishing a bureaucratic government in which all powers were centralized in the executive branch.<sup>40</sup> Mubarak also created a presidential system in which the president was appointed by the People's Assembly, though the appointment had to be ratified by public referendum. The system enabled him to serve for six five-year terms with automatic renewal by referendum. Lesch also noted that power was consolidated to the extent that the president made all appointments, including mayors, deputy mayors, and governors.<sup>41</sup> Furthermore, Mubarak created a system in which local council leaders were elected based on the winner-take-all system. The system provided

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<sup>39</sup> Yolande Knell, "Egypt's Revolution: 18 Days in Tahrir Square," *BBC News*, January 25, 2012, A9.

<sup>40</sup> Lesch, "Egypt's Spring," 1–8.

<sup>41</sup> Ibid.

the ruling party with a monopoly of power, which encouraged corruption and nepotism among all local government offices.

Analysis of the 2011 revolution shows that lack of democracy did not catalyze the revolution. For example, Egyptians had lived under a dictatorship for more than three decades without protest. This clearly indicates that Egyptians did not revolt against Mubarak because of the dictatorship. Furthermore, as much as democracy was lacking in the government, Egyptians were not absolutely deprived of their rights. They were not entirely disenfranchised as voters since they had the power to vote through a referendum. Additionally, Egyptians also enjoyed economic empowerment, which enabled them live a relatively high standard of living compared to their neighboring countries.<sup>42</sup> In fact, a very small percentage of Egyptians were jobless. Furthermore, over half of the country's million people were not poor despite the dictatorship. In fact, protesters carried posters during the revolt which contained mainly information regarding the deteriorating state of the economy; rather than denouncing the governance. For example, most placards carried information regarding "Bread" and youth unemployment. This clearly indicated that the revolt was much about the deteriorating state of the economy. As a result, Lesch concluded that the lack of democracy was a minor contributing factor for the 2011 revolution in Egypt.

### **C. RELIGIOUS TENSION**

Egypt is a country that is largely Muslim, with the Coptic Christians being the minority. Analysis of the Egyptian revolution has indicated that religious tension might have contributed to the 2011 revolt in Egypt. Hassan argues that Mubarak concentrated on dividing Egyptians along religious and tribal lines by oppressing the Muslim Brotherhood and Salafis under the guise of fighting terrorism, while sympathizing with the Coptic Christians.<sup>43</sup> However, a close analysis of the revolution shows that tribal and religious animosity did not catalyze the revolution. The revolt involved not only the Muslim Brotherhood, but also the Coptic Christians. As much as the Muslim

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<sup>42</sup> Duncan Green, "What Caused the Revolution in Egypt?" *The Guardian*, February 17, 2011, A6.

<sup>43</sup> Amro Hassan, EGYPT: Religious Conflict Becomes the Revolution's Biggest Enemy, *Los Angeles Times*, May 9, 2011, B.7.

Brotherhood was the majority of those who participated in the revolt, a significant number of Coptic Christians and other tribes also participated in the revolt. The involvement of the Coptic Christians and other tribes that were favored by Mubarak in the revolt is a clear indication that tribal and religious tension did not catalyze the revolution.

#### **D. CONCLUSION**

Certainly, the 2011 revolution in Egypt is the most discussed revolution in recent history. Although several reasons have emerged as causes of the 2011 Egyptian revolution, analysis indicates that lack of democracy, the prevalence of government corruption, and tribal/religious tensions were not primary catalysts to revolution. In Egypt, these factors did not contribute significantly to the revolution since they did not result in an unbearable deprivation and economic inequality. Accordingly, the Egyptian revolution was a protest about the deteriorating state of the economy, which resulted in increased poverty, unemployment, and increased unequal income distribution and disparity. For instance, youth unemployment has increased significantly over the past few years. Together with unequal income distribution, the increased unemployment among the youths contributed largely to high poverty level in the country.

## IV. THE ROLE OF POVERTY IN THE 2011 EGYPTIAN REVOLUTION

The reasons behind the remarkable street fights that compelled the Egyptian ruler Hosni Mubarak to step out of office was something that exists in many countries worldwide—food shortages or poverty. Worsening economic situations fed the 2011 revolution and remained a significant component in the political uprising.<sup>44</sup> While critics bring into focus corruption in government, or the domino effect of the Tunisian movement, the failure of the Egyptian government to sustain a continuous flow of food supplies should be viewed as the main factor igniting the revolution.

### A. FAILED ECONOMIC POLICY AND THE RISING COST OF LIVING

Hosni Mubarak did not change the course of the Egyptian economic policy that Anwar Sadat had initiated; his advisors did not change it either, because they found it in their interest to guide him not to change it. More important is that most of his advisors had been chosen by Sadat from those having loyalty to the United States because they believed that the United States was the only power able to keep him in office. Besides, the peace agreement signed between Egypt and Israel in 1979 resulted in the Arab states' discontinuance of assistance to Egypt for a long time.<sup>45</sup> Those conditions placed Egypt into a larger dependence on assistance from the United States. President Mubarak continued to borrow from other countries where loans were accessible; however, he stopped when those countries stopped providing loans to Egypt. Not only did Egypt's situation show no promise of repayment, but also foreign states such as Saudi Arabia and the United Arab Emirates, had much less money to give following the significant downward slope in oil revenues.<sup>46</sup>

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<sup>44</sup> Robert Looney, “Economics of the Arab Spring,” Presentation, FOA Conference on the Arab Spring, Washington, DC, August 12, 2013.

<sup>45</sup> Galal A. Amin, *Egypt in the Era of Hosni Mubarak: 1981–2011*. English ed. (Cairo, Egypt: American University in Cairo Press, 2011), 57.

<sup>46</sup> Amin, *Egypt in the Era of Hosni Mubarak: 1981–2011*, 58.

Egypt's external loans continued to grow during the first five years of the Mubarak era, until the whole debt amount surpassed \$45 billion. Although it grew by 50 percent in five years, the increase rate of the loan was still lower than the increase rate of the Sadat era. This trend continued until the 1990 Gulf War, which was begun abruptly by Saddam Hussein's assault on Kuwait. The total debt rose to \$47.6 million in 1990, and accounted for 150 percent of the entire gross domestic product (GDP). It made Egypt's debt amount rank as one of the highest in the world, and greater than the debt amount Egypt had already experienced many years earlier, which caused the toppling of the monarch Ismail the Magnificent.<sup>47</sup> During the next ten years, Egypt's foreign debt amount remained constant when compared to the six times' increase during Sadat's ten-year regime and the 60 percent increase throughout Mubarak's first ten-year regime. Egypt's foreign debt escalated by only \$5.4 billion between 1994 and 2004, which reflected 22 percent during that time.<sup>48</sup>

It is not likely for any country to carry on borrowing forever. A shortfall must come about in debt service and money lenders begin to worry about their money. Then, the debtor nation arrives at a new point when it pays back more for its past debts than the new loans it takes. Only when lenders lose confidence in the country's financial success, do they stop lending and demand repayment. Nonetheless, it is also possible to elucidate the relative steadiness in Egyptian growth rates with the following reduction in imports.<sup>49</sup> Egypt set itself free from requesting more loans by enhancing the balance of payment due to reduced imports and the large decrease of the debt service as well.

From 1986 to 2004, the growth rate of GDP (see Figure 1) did not exceed 4 percent, and caused a fall in the amount of growth of per capita income to less than 2 percent. These figures were less than those reflected in both the Sadat and Nasser eras. The inflation rate fell in the years between 1986 and 2004 due to the austerity policy, but the unemployment rate rose steeply, and incomes grew increasingly unequal.

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<sup>47</sup> Ibid., 57.

<sup>48</sup> Ibid., 58.

<sup>49</sup> Ibid.

Development occurred in the economic system;<sup>50</sup> however, this development was not a long lasting one and did not result from investment in industry or trade. Conversely, it resulted from selling the state properties that were the profit-producing assets of the country. In the short run, it may seem profitable for the country to raise its revenues by selling its property holdings; however, in the long run, it resulted in decreasing revenues entirely, thus lowering salaries.

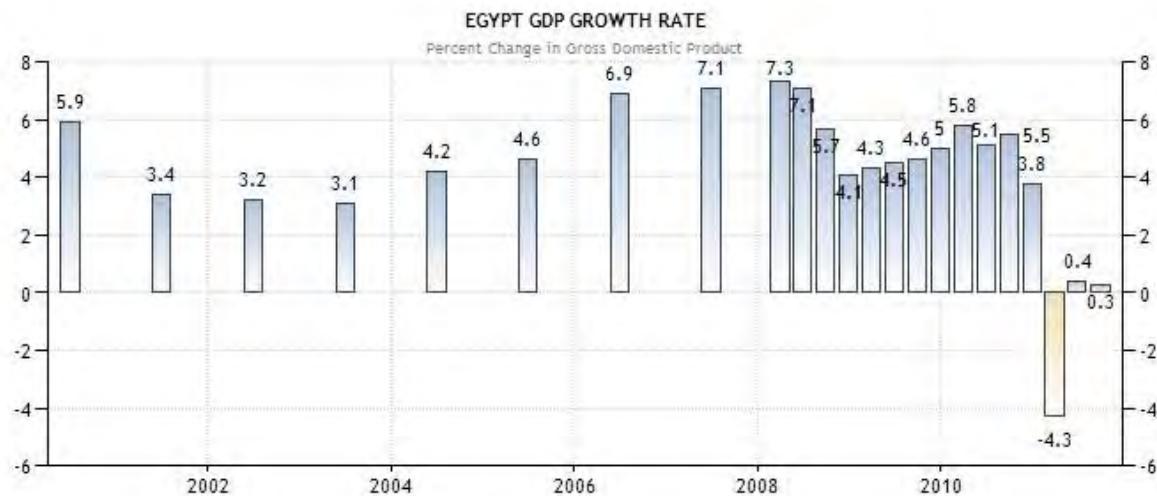


Figure 1. Egypt Annual GDP Growth Rate, 2000–2012  
(from Central Bank of Egypt).

The characteristic feature of this pre-revolution development was the selling off of the public sector. Privatization talks began in the 1970s; however, during the 1970s and 1980s, denationalization was strongly resisted by the Egyptian bureaucracy and the manufacturing labor unions. In 1991, after Egypt signed an agreement with the International Monetary Fund and The World Bank, the pressure from the International Monetary Fund and the United States government to privatize amplified.<sup>51</sup> The government began moving forward with the intention of opening the doors wider to imports, privatization, and subsidy reduction, and providing greater amenities to foreign

<sup>50</sup> Amin, *Egypt in the Era of Hosni Mubarak: 1981–2011*, 64.

<sup>51</sup> Ibid.

companies. In 2005, private foreign investments in Egypt doubled from the previous year, and then doubled again between 2005 and 2007. The government announced that the GDP growth rate had been 7 percent or more (see Figure 1), and had stabilized at 4 percent for almost two decades. According to the government, this showed that the period of gloom was over and that an era of rapid development had begun. The achievement was credited to the astuteness of the government, compared to all previous governments.<sup>52</sup>

While the new government was acknowledging its achievements, the Egyptian poor were fighting in front of bakeries to acquire subsidized flatbread. The size of the bread had shrunk over time and its color had turned dark. Moreover, the bakery owners were refusing to give out the number of loaves requested by the poor.<sup>53</sup> Power cuts, fuel shortages, and soaring food prices put pressure on the population.<sup>54</sup>

GDP accounts statistics were inconsistent with the growth of household incomes, as can be concluded from the Egyptian Household Income, Expenditure, and Consumption Survey (HIECS).<sup>55</sup> Although GDP showed a steady growth between 2000 and 2009 (see Figure 1), household incomes displayed a slight decline. Growth occurred only among top income families, and these families were not well captured by household surveys. The comparative performance of top earners also had an impact on perceptions. It is significant to study the correlation between top incomes and disparity to understand who takes advantage of GDP increases, and how people fall into poverty despite the increase of GDP.

## **B. SOARING FOOD PRICES AND SUBSIDIES**

The foundation of Egypt's economy was broken, there was a huge concern regarding the falling of global food prices. Agricultural inflation exerted a special pressure on Egypt's middle class people, because their wages were overwhelmingly spent toward nourishment. Figure 2 illustrates this damaging pressure.

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<sup>52</sup> Amin, *Egypt in the Era of Hosni Mubarak: 1981–2011*, 64.

<sup>53</sup> Ibid., 64.

<sup>54</sup> Looney, "Economics of the Arab Spring," 25.

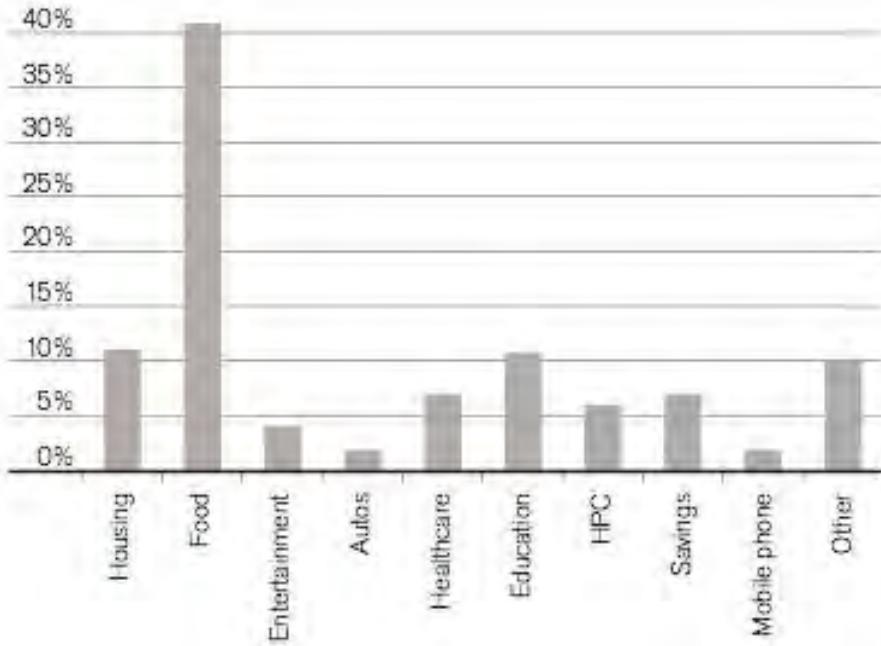


Figure 2. Egypt's Monthly Spending by Category (from Credit Suisse Emerging Consumer Survey, 2013).

It is not by chance that poor people who are crushed by rising food prices will rise up against their political leaders. The common notion was that 40 percent of Egyptians lived below the \$2-a-day income poverty line. Strangely, no one acknowledged the Egyptian level of poverty. At the peak of the world economic boom, when Egypt recorded annual economic growth rates of 7.2 percent, the proportion of Egyptians living below the \$2-a-day poverty line increased significantly from 17.8 percent to 23 percent (see Figure 3).

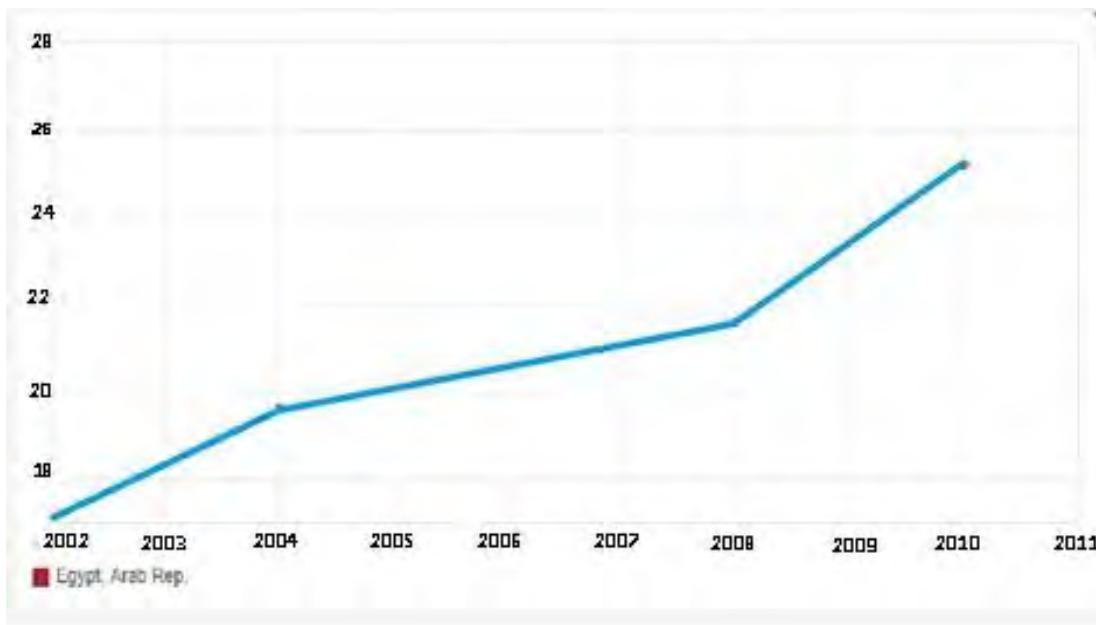


Figure 3. Poverty Headcount Ratio at \$2 a day (PPP) (% of population) (from The World Bank, 2013).

According to the report released in 2010 by the Egyptian Council of Ministers, the number of Egyptians living below the poverty line had risen from 17 percent to 22 percent between 2000 and 2010.<sup>56</sup> Egyptian youth were familiar with such sufferings, both personally and politically. As stated by the 2009 countrywide survey, they placed poverty reduction in first place for national priorities (see Table 1)

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<sup>56</sup> “Council of Ministers: 16.3 Million Egyptians Live Under the Poverty Line,” *Al Masry Al Youm*, December 30, 2010 (in Arabic); and “Poor Arabs in 2011: Between Hope of Recovery and Fear of More Suffering,” *Al Shorouk*, December 30, 2010 (in Arabic).

Social Issue Reported as Very Important	Percent Ages 15–29
Poverty Reduction	92
Fighting Rising Prices	90
Fighting Corruption	88
Reforming the Education System	86
Strong Defense Forces	86
Reforming the Health Care System	85
A High Level of Economic Growth	78
Protecting Freedom of Speech	75
Protection of Political Rights	64
People Have a Larger Role in Government	63
Political Leaders With Stronger Religious Beliefs	53

Table 1. Social Issues Reported as Very Important (from Population Council, 2010).

Low pay and an upsurge in food prices, which increased by 32 percent alone in 2010 according to the United Nations' Food and Agriculture Organization, hurt the fast-growing and urbanizing population in Egypt. It was not only the increasing food prices, or a lack of growth that stirs up revolutions, but also the continuation of extensive and chronic poverty among gradually increasing affluence.<sup>57</sup> The failure of the Egyptian rule to guarantee a stable supply of food was the main factor driving this apparently natural upheaval. The triple convergence of suffering from reduced conditions, political corruption, and incompetence of government is what makes Egypt special concerning food shortages.

The Nile River sits at the center of the severe environmental deterioration in the region. An overdependence on its resources was joined with a long period of negative effects resulting from damming plans, leading to water shortages and decreased harvests from arable land. The subsequent crisis caused increasing prices for drinkable water and decreasing vital yields in planting. Water was more expensive than soft drinks in many

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<sup>57</sup>Goldstone, "Understanding the Revolutions of 2011," 8–16.

parts of Egypt.<sup>58</sup> The Mubarak regime declared harsh restrictions on the production of main crops such as rice only a few months before the uprising. The reduced rice harvest had viral effects. Prices for rice increased sharply, and so a key nutritional food was taken away from the poor. Meanwhile, as rice was also a main export yield, agricultural workers lost their jobs as well.

Did the rise in food prices and the increase of Egyptian poverty related to it have a damaging effect on Egypt's social and political stability? Absolutely; however, both in 2008 and in 2011 Egypt was among one of the wealthiest countries. The rapid rise in food prices, which made Egypt highly dependent on food imports, resulted in a rapid increase in the number of Egyptians living below the poverty line. More than three million Egyptians fell below the poverty line during a short period in both uprisings as well.

The demonstrations against food prices surged in Egypt in spring 2008. Beginning on April 6, 2008, the chief event was the demonstration of factory laborers in the business city of al-Mahalla al. The workers' opposition targeted the decline of living conditions brought about by the rise in food prices. Mubarak tried to suppress the movement by means of police, refusing the demands to raise the minimum pay rate that had existed for 26 years. He did not allow the workers to negotiate wages that might compensate for the increased food prices. Consequently, he tried to form a state cartel on the production and delivery of low-priced bread. Once the black market endangered this cartel, he made the military take command of the enterprise.<sup>59</sup>

Victories were rare despite the intensifying protests in 2009 and 2010. Most of them were either disregarded by the government or violently suppressed. The few and trivial successes were mostly because of the stubbornness of the activists. They persuaded the government to increase the minimum salary to 400 Egyptian pounds, which nearly four times what it had been, but scarcely enough to meet the rising inflation

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<sup>58</sup> Billy Wharton, "Underneath The Egyptian Revolution: The Politics Of Food." BBC Worldwide Monitoring, May 30, 2010. <http://www.countercurrents.org/wharton010211.htm> (accessed August 16, 2013).

<sup>59</sup> David J. Lynch, "Tension in Egypt Shows Potency of Food Crisis," *USA TODAY*, April 29, 2008. [http://usatoday30.usatoday.com/money/world/2008-04-29-egypt-food-shortage\\_N.htm](http://usatoday30.usatoday.com/money/world/2008-04-29-egypt-food-shortage_N.htm).

expenses. They successfully established two independent business organizations and an independent business federation, which was a unique relief from the overpowering hold the Mubarak regime had applied over labor activism since 1957.<sup>60</sup>

To attract foreign investments between 2004 and 2008, Mubarak's regime followed economic reforms; however, they failed for many reasons, and the poor living standards of Egyptians continued. Imprudent governance during the 30-year military regime and the desire to reduce economic problems were great incentives to rebel against Egypt's government. Economic and financial indicators illustrated that the economic problem was the main factor for the general rebellion in 2011 against the state's dictator.<sup>61</sup>

### C. EGYPT'S OIL DEPENDENCY AND POVERTY

For the world's agriculture system, oil is an important resource, and it appeared that the *peak oil*<sup>62</sup> supporters proved to be right. Despite the increasing demand and a tripling of prices in Egypt, yearly oil production failed to increase after 2006. Egypt was forcing the limits of growth. The occurrence of peak oil changed everything. It started in countries that were most vulnerable, such as Egypt; however, its consequences were felt worldwide in the oil dependent international economic system (see Figure 4).

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<sup>60</sup> Mahmood, "The Architects of the Egyptian Revolution."

<sup>61</sup> Behnam Rastegari, "Egypt's Revolution: Causes and Developments From a Legal Perspective," Aceh Development International Conference 2012, March 26–28, 2012, International Islamic University of Malaysia, 4.

<sup>62</sup> "Peak oil" is an economic concept: production will decline when there are other less expensive energy sources available. Thus, peak oil will occur because we have exhausted easily accessible oil (something that is happening rapidly).

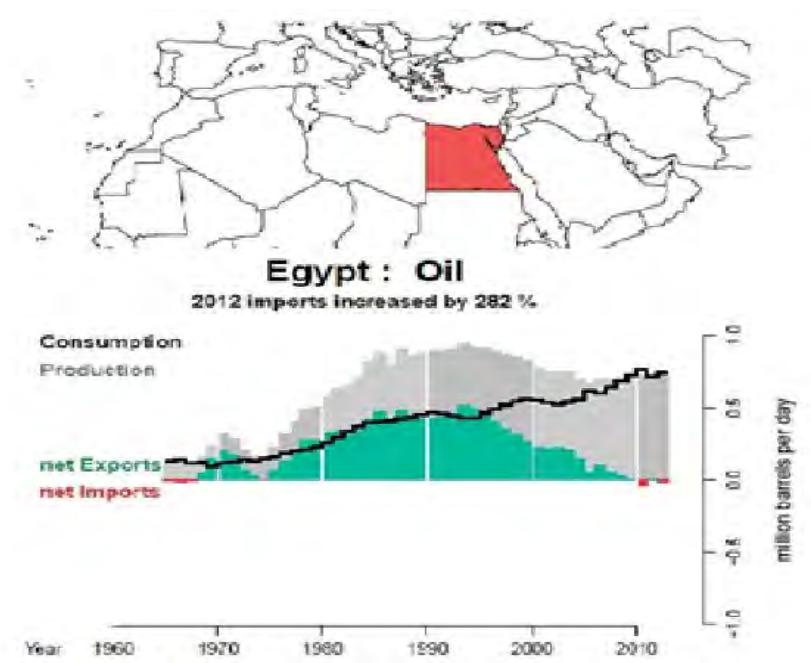


Figure 4. Egypt's Oil Production, Consumption, and Exports (from BP Statistical Review, 2013).

Egypt faced many problems with energy and food subsidies due to its economic condition, which was deteriorating together with the rising cost of food imports. As displayed in Figure 4, oil exports, imports, and extraction rates per year were declining.

Following 1995, a steady decline in exports gave rise to a steady decrease in oil exports—almost to zero—making the food subsidies unbearable in the economy of Egypt. Figure 5 illustrates the link between oil prices and food prices. The food crisis is a complex matter; however, it is a notion of an increasing population and improvement in the living conditions at odds with declining agricultural production. Problems stemmed from many conditions, including water depletion and soil depletion, rising growth, and weather conditions that caused producing problems in several countries, such as Australia and Russia. As Figure 5 illustrates, something occurred between 2007 and 2009 after nearly two or three decades of price stability.

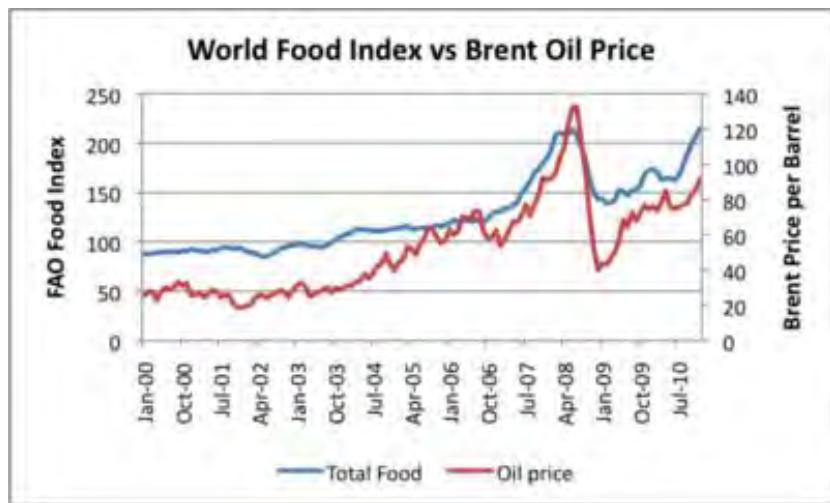


Figure 5. Similarity of World Food Price Trend and Brent Oil Price Trend, January 2000–August 2010 (from FAO Food Price Index, 2010).

Because of the decreased harvest the cost of production and transport began increasing with increasing oil prices, and the price of imported food, particularly wheat, began to escalate. Figure 5 uses the FAO Food Price Index and displays the Brent Oil Price as a main exchange benchmark price for buying of oil worldwide. The graph shows that when oil prices are higher, food prices of all sorts are also higher. In production, storage, and transit of grain, oil is used directly; thus, its price is important.

As Egypt's oil production decreased, products of dependent industries, such as chemical and refining, decreased as well and made it hard to collect revenues from these sources. One of Egypt's main sources of revenue was the Suez Canal, but as world oil exports were down, revenue from it was down as well.

After 2010, Egypt became an oil importing country, whereas it had been an oil exporting country before. The fact is that Egypt was not the only country experiencing decreased oil production. World oil production had been roughly stable since 2005, and the countries that dug the oil were increasingly consuming much of it themselves. There was less oil at hand for export, and countries such as Egypt needed even more. Egypt was making money for the subsidies with the oil that it exported, so decreased exports resulted in less available money for subsidies.

#### D. NEED FOR FOOD IMPORTS

The population of Egypt had been rising swiftly, at approximately 2 percent per year (see Figure 6), and according to the *CIA World Factbook* and the Egyptian population was 81.1 million in 2011 (see Figure 7).

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Egypt	1.72	1.69	1.66	1.88	1.83	1.78	1.75	1.72	1.68	1.64	2.00	1.96	1.92

Figure 6. Egypt Growth Rate Annually, 2000–2012.

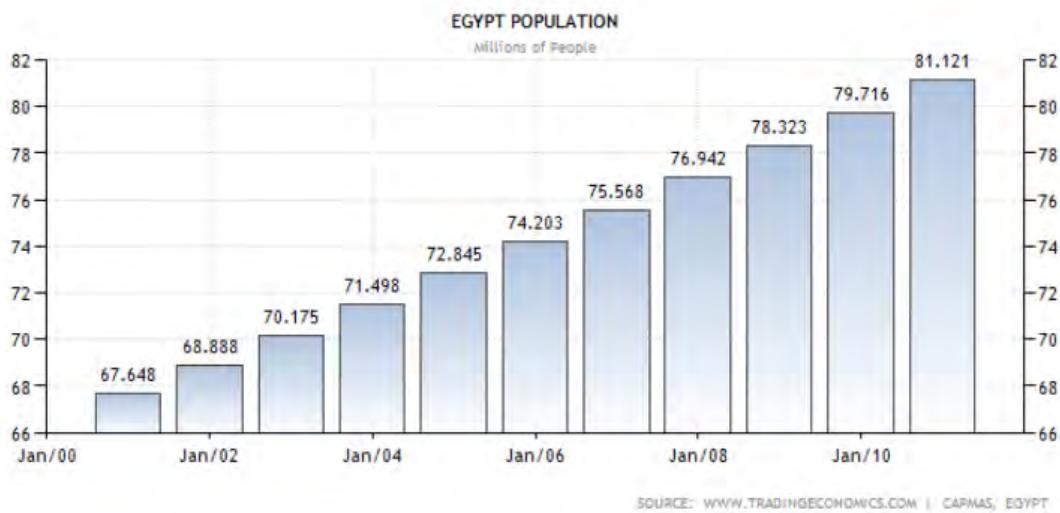


Figure 7. Egypt's Population Growth since 2000 (from *CIA World Factbook*, 2011).

As the population rose, the need for land for businesses and housing rose as well, and the needed land for agriculture fell. Egypt was able to harvest less of its own food at that time. In fact, Egypt was the world's greatest wheat importer in 2010. The oil minister stated that country was importing 60 percent of its wheat and 40 percent of its food.

With Egypt becoming a net food importer—including that of over half of its wheat requirements—it had become particularly vulnerable to global food price and

exchange rate fluctuations. The value of food imports to total merchandise was moderate in Egypt between 1990 and 2010, and has continued a declining trend. It reached its lowest level in 2005, followed by a subsequent upwards trajectory (see Figure 8). This highlights that Egypt's ability to finance its food imports was weakened during the global food price crisis (between 2008 and 2010).<sup>63</sup>

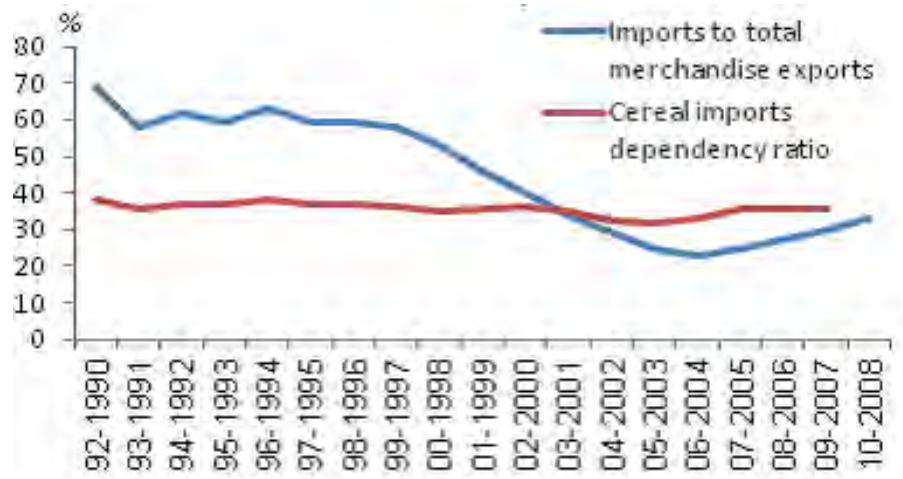


Figure 8. Value of Food Imports over Total Merchandise Exports (from FAO Statistics, 2010).

According to BIC reports, Egypt was getting economic aid from many foreign countries and multilateral organizations. The United States was the largest supporter, having provided Egypt with \$72 billion in assistance since 1948. Almost three decades after Mubarak's holding power, Egypt's economy continued to be heavily dependent on rent-seeking, which caused negative consequences for sustained growth. Between 1987 and 2006, Egypt's mean per capita GDP annual growth was 2.2 percent, when compared to a lower middle income state mean of 5 percent.<sup>64</sup> U.S. aid started to reduce in 1998 from \$815 million to \$411 million per year in 2008 and to \$250 million later.<sup>65</sup> Although

<sup>63</sup> FAOSTAT, "Food and Agriculture Organization of the United Nations Statistics," <http://faostat.fao.org/site/567/DesktopDefault.aspx?PageID=567#ancor>.

<sup>64</sup> Clement Moore Henry and Robert Springborg, *Globalization and the Politics of Development in the Middle East* (Cambridge: Cambridge University Press, 2010), 173.

<sup>65</sup> Robert Looney, *Handbook of Emerging Economies: Too Big to Succeed* (London: Routledge, March, 2014), 38.

the monetary assistance received from these countries was very important, it was difficult to recognize the amount of the total Egyptian budget for which it accounted. Egypt was a chief receiver of U.S. assistance and established a hazardous relationship with worldwide food markets. In the wheat marketplace, the Egyptian government had to buy a great deal of wheat to address the increasing food demands and retain social peace.

The system of buying food from foreign countries appeared to do well until 2010 when Russia, one of the major exporters of wheat, experienced the worst drought in the last five decades. Prices ascended suddenly on the global market and as the greater importer of Russian wheat, Egypt was compelled to pay \$270 per ton for wheat in August 2010, increasing from that of \$238 in July of 2010.<sup>66</sup> The country was dependent on worldwide companies for 40 percent of its wheat consumption even though the government said that self-sufficiency was its main goal. Moreover, water shortage on the Nile levied agricultural constraints as mentioned earlier and guaranteed that the dearth of food self-sufficiency would rise at some point.<sup>67</sup>

Even though it was a significant policy to sustain a political system, the Egyptian people did not survive only on wheat. Rising prices of bread, lack of water, and sharp rises in the price of other fundamental products were the basic factors of discontent among people. For many planters, tomato production was their chief source of income, and they depended on a promising harvest to pay their debts; however, according to the government's Central Agency for Public Mobilization and Statistics (CAPMAS), an extraordinarily hot summer decreased many of the farmers' harvests from 20 tons to 3 tons. Vegetable prices increased by 51 percent, and poultry and meat by 28.6 percent in September 2010. The Agricultural Research Centre (ARC) said that crop productivity had dropped by almost 70 percent in 2010 because of hot weather.

It is well known that food supply and prices were a reason for social turmoil in Egypt. The Egyptian Bread Riots, which occurred in 1977, broke out after the government ceased its subsidies for basic foods. Many were killed and injured when

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<sup>66</sup> Billy Wharton, "The Food Price Crisis and the Egyptian Revolution," *Links International Journal of Socialist Renewal*. <http://links.org.au/node/2170>.

<sup>67</sup> Ibid.

thousands of people who lived in poverty rushed into the streets. In 2007 and 2008, nearly 30 years afterwards, as food prices increased, people took to the streets again. Fear that interruption in providing wheat and bread in Egypt would occur again resulted in fatal riots.

For Egyptians, bread has been a dietary staple because it is affordable. Egyptians receive more than half of their calorie needs from wheat, and the proportion is even higher for those dwelling in cities.<sup>68</sup> Production of food had increased; however, it was not sufficient to keep up with the population increase or per capita use. Egypt had subsidized basic supplies to promote industrial development by keeping urban salaries low. Egypt had also taken great responsibility for nourishing the people by means of its import subsidies and policies.<sup>69</sup> The increased food costs added to any already high inflation rate in Egypt, which was reported to be 12.8 percent in 2010 by the *CIA World Factbook*. As salaries did not rise to keep up with inflation rates, inflationary problems forced the government to raise subsidies, and was ultimately unable to provide more subsidies. Despite the ration cards for bread and government subsidies, the price of wheat in Egypt was nearly 30 percent higher than it was a year before. According to a consumer survey from Credit Suisse, Egyptians already spent more than 40 percent of their salaries on food.<sup>70</sup> In 2008, rapidly increasing wheat prices provoked bread riots in Egypt.<sup>71</sup> The government responded with an enlarged subsidy program in an effort to keep food prices stable. Nonetheless, Egypt was depending on purchased wheat for 60 percent of its supply; and everything from Australian floods to Chinese drought had an impact on the supply of wheat. Other impacts included the embargo forced by Russia after its

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<sup>68</sup> Ibrahim Soliman and Shahla Shapouri, “The Impact of Wheat Price Policy Change on Nutritional Status in Egypt,” U.S. Department of Agriculture, Economic Research Service, International Economics Division, February 1984, 5.

<sup>69</sup> Ezzeddine Boutrif, “Food and Nutrition Situation in the Near East: Evolution and Need for Monitoring,” Paper presented at an Inter-country Workshop on Nutrition Assessment, sponsored by the UN Food and Agriculture Organization and the Nutrition Institute of Egypt in Cairo, November 1–5, 1986, 12.

<sup>70</sup> Credit Suisse Research Institute Survey, “Emerging Consumer Survey,” January 2011, [http://webcache.googleusercontent.com/search?q=cache:4tMvvwe0Q5YJ:https://www.credit-suisse.com/news/doc/media\\_releases/consumer\\_survey\\_0701\\_small.pdf+&cd=1&hl=en&ct=clnk&gl=us&client=firefox-a](http://webcache.googleusercontent.com/search?q=cache:4tMvvwe0Q5YJ:https://www.credit-suisse.com/news/doc/media_releases/consumer_survey_0701_small.pdf+&cd=1&hl=en&ct=clnk&gl=us&client=firefox-a).

<sup>71</sup> “The Global Food Crisis: In-Depth Reports,” *Scientific American*, December 9, 2008, <http://www.scientificamerican.com/report.cfm?id=global-food-crisis>.

destructive drought in 2010. Such environmental conditions and export bans helped worsen the food riots in Egypt.

Richard China, Director of FAO's Policy and Programme Development Support Division, stated that the food crisis of the 2007 and 2008 indicated that resolutions taken in a hasty manner by governments to alleviate the influence of the crisis had worsened the crisis and intensified its impact on food instability. Facing these pressing social needs, the Mubarak regime held tight to power by means of severe measures, while widespread violence was boiling in the streets. Only one reason contributed to the increased need for food: an extra 13 million people, and half of the needed food in Egypt was supplied by purchases from the worldwide marketplaces and foreign aid.<sup>72</sup>

## **E. CONCLUSION**

Egypt was a great food importer and this made it highly vulnerable to fluctuating food prices throughout the world. Thus, when Egypt became routinely dependent on receiving the majority of its food supply from other countries, it opened itself to food and economic crises.

To sum up, the rapidly increasing prices of food were important, highlighting the economic and social background to the revolt. The rebellion in Egypt was more than an attempt to gain political freedom. It was literally a fight for survival. The lack of food was a catalyst for this uprising.

After clarifying how the “poverty” pillar played a role in stirring people to take to the streets, Chapter V will address the increasing poverty levels among Egyptian people as one of the most important factors for the 2011 Egyptian Revolution, and will evaluate the second pillar, which is “unequal income distribution.” We will elucidate what inequality means for people and how it caused the Egyptian people to revolt.

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<sup>72</sup> Jeannie Lynn Sowers and Christopher J. Toensing, *The Journey to Tahrir: Revolution, Protest, and Social Change in Egypt* (London; New York: Verso, 2012b), 310.

## V. POVERTY AND INEQUALITY AS CONTRIBUTING FACTORS

Revolutions arise from inequalities, quantitative or qualitative, typically from a large segment of the population claiming a social equality denied them, or from a minority claiming a privilege denied them. In all revolutions, the conditions that lead up to the upheaval are the desire of the many for equality, and the desire of the minority to protect the status quo. They take to the streets to protect their profit, honor, or to avoid dishonor. The inciting occasions are many: jealousy of those who have wealth and honor, official arrogance, fear of the law or of its abuse, personal rivalries, failure of the middle class to maintain a balance, race antagonisms, antagonism of localities, and others.<sup>73</sup> Inequality is another pillar other than poverty that led to the 2011 Egyptian Revolution, inspiring people to acquire what they did not have.

Having previously examined the role that poverty played in inspiring people to revolt in Egypt, we will show how inequality is related to poverty, because one of the main results of inequality is poverty in a community. Next, we will discuss the role of inequality from the perspective of poverty and subjective well-being, which often results in a gap in expectations and current conditions, and causes an uprising in the people (i.e., the Egyptian Revolution).

### A. WHY INCOME INEQUALITY MATTERS

How does inequality within a country cause conflict? A renowned theory, is Ted Gurr's Relative Deprivation Theory.<sup>74</sup> Gurr argues that a large gap between the expected and actual economic and living conditions of a group can fuel conflict. While Gurr does not talk explicitly about gaps between rich and poor, arguably, frustrations about the gap between expected and actual living conditions are likely to increase even more when the poor are constantly confronted in their daily lives by the conditions of the rich.<sup>75</sup> The

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<sup>73</sup> Aristotle, *The Politics V*, <http://classics.mit.edu/Aristotle/politics.5.html>.

<sup>74</sup> Gurr, *Why Men Rebel*.

<sup>75</sup> Rich Morin, *Rising Share of Americans See Conflict Between Rich and Poor* (Washington, DC: Pew Research Center, 2012).

poor rebel against the rich to acquire wealth, and the rich fight against the poor to protect their wealth.

Inequality impacts growth and other macroeconomic issues all around the world. There is no need to look further than the income inequality, which has generated the dissatisfaction that stimulates the latest disorder in the Middle East. To form a simple connection, more income inequality is associated with less persistent growth. Figure 9 demonstrates the relationship between the income distribution and the span of growth for a sample of countries during the period of 1950 through 2006.<sup>76</sup> The growth spell is a period-of-time comprising at least five years that begins with an uncommon rise in the growth rate and ceases to exist with an uncommon decrease in growth. This table shows a general trend for many countries around world, including Egypt. The Gini coefficient technique was used for preparing this graph, which is the classic method used in most of the world to measure income inequality varying from zero to 100.<sup>77</sup>

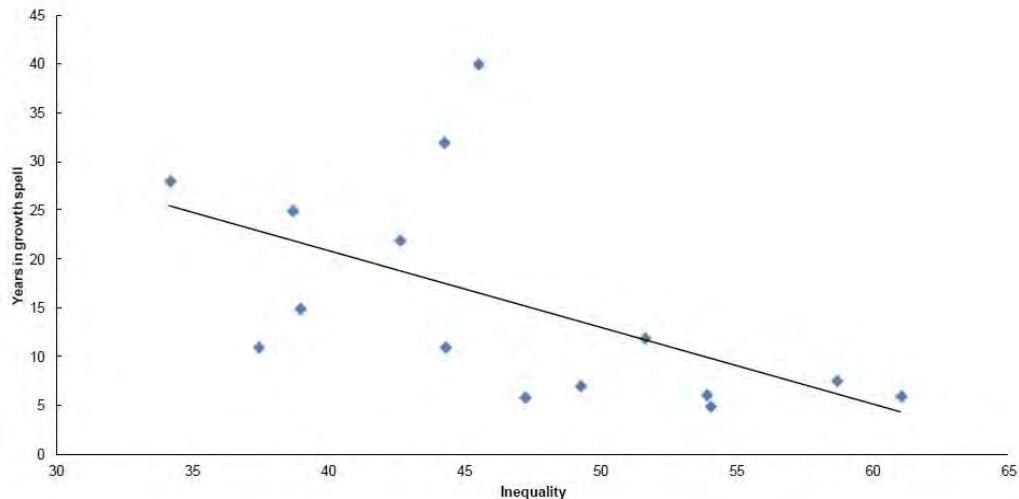


Figure 9. Inequality and Growth Relationship (from Penn World Tables and Wider World Income Inequality Database, 2013).

<sup>76</sup> Inequality is measured by the Gini coefficient, which ranges from zero, where all people have the same income, to 100, where one person has all the income. The data cover the period from 1950 to 2006. Countries in the sample include Belgium, Brazil, Cameroon, Colombia, Ecuador, El Salvador, Greece, Guatemala, Jamaica, Jordan, Pakistan, Panama, Singapore, Thailand, and Zambia.

<sup>77</sup> Andrew G. Berg and Jonathan D. Ostry, "Equality and Efficiency," *Finance & Development* 48, no. 3 (September 2011): 12–15.

It may seem contradictory that income inequality is strongly related to less persistent growth. Nevertheless, some inequality is necessary for the effective running of a market economy and the encouragement required for investment and growth.<sup>78</sup> Too much inequality, however, could be harmful to growth. It might cause political turmoil, impeding investment, and amplifying the potential environment for financial crisis. In the presence of economic shocks, governments may find it harder to take difficult but necessary decisions, such as imposing taxes or cutting public expenditure to avoid a debt crisis. Then again, economic inequality may mirror poor people's inability to get financial services, which gives them fewer opportunities to invest in education and business activities.<sup>79</sup>

Income inequality decreases the buying power of middle and low income people, reducing aggregate demand; however, people deriving benefit from inequality seek high-yielding investments, leading to the rise in mass of assets. Insufficient regulation and invalid monetary policy stir up more economic uncertainty and lower growth rate.<sup>80</sup>

Dealing with the income inequality is vital because inequality adversely affects progress in terms of the Millennium Development Goals (MDGs)<sup>81</sup> and poverty reduction. It retards development in general, and leads to ineffective resource allocation and misused potential productivity, as well as high rates of dependency, particularly food dependency mentioned in the previous chapter. It decelerates economic growth (Figure 9), leads to social and health problems—including worsened education outcomes—worsens poverty (Figure 10) and unemployment rates (Figure 11), and results in social

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<sup>79</sup> Berg and Ostry, "Equality and Efficiency," 12–15.

<sup>80</sup> United Nations Development Programme; Bureau for Development Policy Towards Human Resilience Sustaining MDG Progress in an Age of Economic Uncertainty 2011, 1 electronic document (312 p.), U.N. Bureau for Development Policy, New York, 186.

<sup>81</sup> The Millennium Development Goals (MDGs) are eight international development goals that were established following the Millennium Summit of the United Nations in 2000, following the adoption of the United Nations Millennium Declaration. All 189 United Nations member states at the time (there are 193 currently) and at least 23 international organizations committed to help achieve the Millennium Development Goals by 2015: the goals were as follows: 1. To eradicate extreme poverty and hunger, 2. To achieve universal primary education, 3. To promote gender equality and empowering women, 4. To reduce child mortality rates, 5. To improve maternal health, 6. To combat HIV/AIDS, malaria, and other diseases, 7. To ensure environmental sustainability, 8. To develop a global partnership for development. (United Nations Millennium Development Goals website)

and economic inequalities among children, generating political and social insecurity and clashes (Figure 12).<sup>82</sup> Examples in Figures 10 through 12 were taken from Arab countries. Using data from 2012, these graphs show that there is a close relationship between inequality and many crucial social problems such as poverty, unemployment, and civil war. For all these issues, the graphs draw a general pattern to indicate that when income inequality increases, other problems also increase..

Viewed together with other Arab countries, Egypt struggled with the same problems, although as displayed in the graphs, its economic position was always lower. Although the graphs only include a few Arab countries, they display a general trend related to inequality for all countries. It may seem contradictory at first glance to see Egypt in these graphs at the bottom, and one may argue that inequality did not much affect Egypt in terms of poverty, unemployment, or conflict. It can easily be seen from the graphs that Tunisia was most affected by inequality and it was the first country that went through revolution. Moreover, other countries that did not experience revolution, such as Morocco or Algeria, were also affected by inequality, which weakens the argument about inequality causing the revolution in Egypt. As mentioned in the previous chapter and as will be discussed in Chapter VI, income inequality, along with poverty and unemployment, caused the 2011 Egyptian Revolution. These graphs are sufficient to contend that inequality is highly related to poverty, unemployment, and contentious movements.

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<sup>82</sup> Mthuli Ncube and John C. Anyanwu, "Inequality and Arab Spring Revolutions in North Africa and the Middle East," *Africa Economic Brief* 3, no. 7 (July 2012): 2.

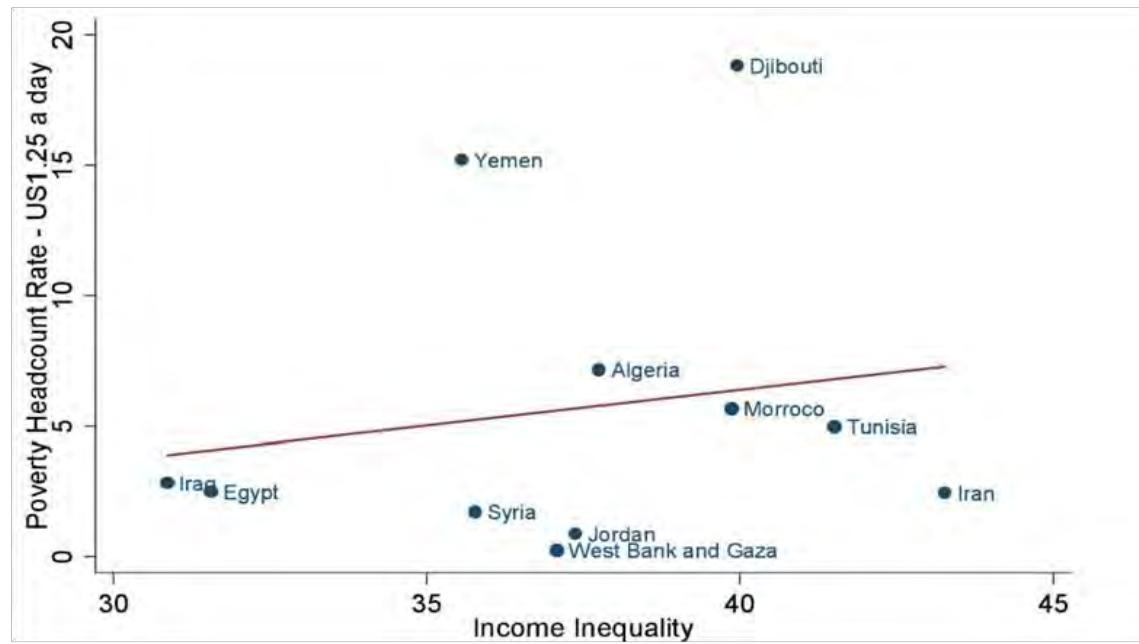


Figure 10. Inequality and Poverty Relationship (after World Bank, 2012).

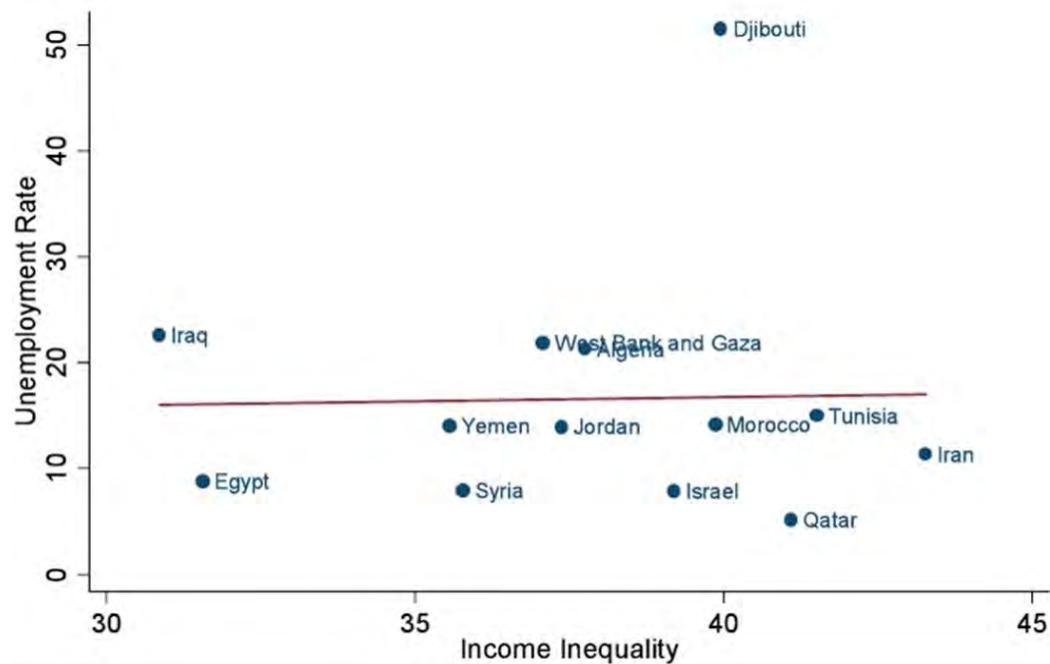


Figure 11. Unemployment and Poverty Relationship (after World Bank, 2012).

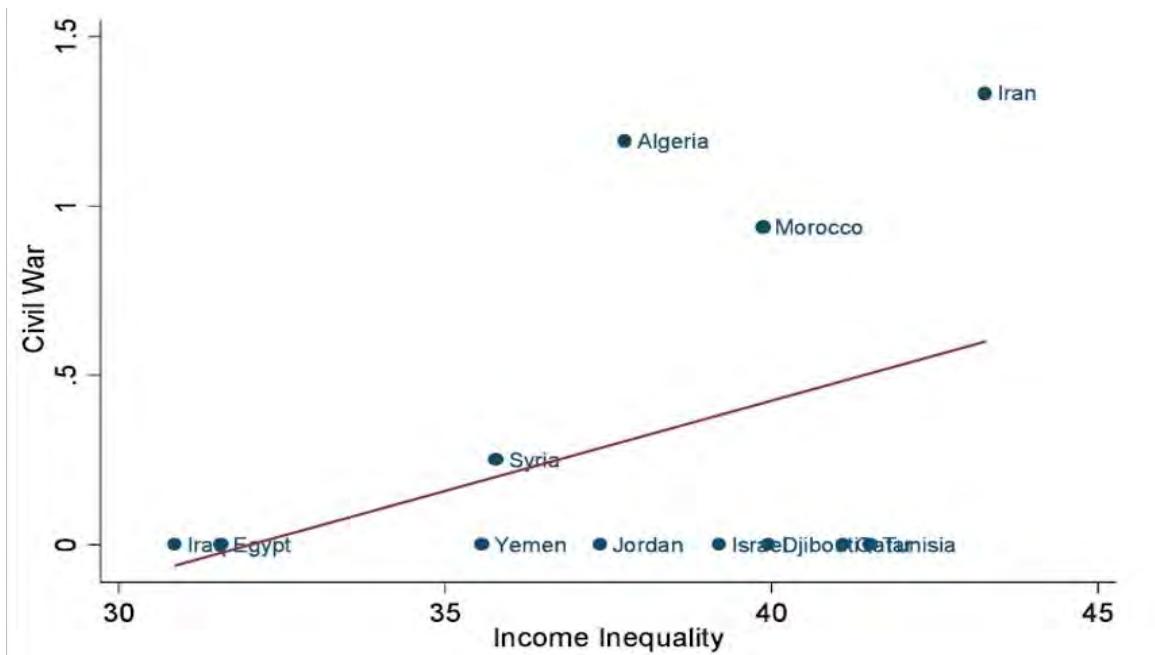


Figure 12. Inequality and Civil War Relationship (after World Bank, 2012).

## B. SUBJECTIVE WELL-BEING

There has been always a gap between reality and people's expectations. Revolutions are likely to occur when the gap widens. The 2011 Egyptian Revolution was not a surprise except to those who had shut their eyes to the truth of the economic, social, and political problems that had been accumulating for a long time. The general understanding in Egypt before the revolution was that social inequality in some way and unequal allocation of resources were deep-seated problems. On January 25, 2011, when the Egyptian revolution broke out in Cairo, Suez, Alexandria, and in other parts of Egypt, many activists from different social groups and faiths demonstrated against President Mubarak's rule and the existing economic inequality.

“Subjective well-being (SWB)” demonstrates how people evaluate the quality of their lives, and it encompasses both emotionally expressed reactions and rational judgments.<sup>83</sup> Measurement of subjective well-being provides an alternative yardstick of development that mostly depends on people's experiences; however, this measurement may diverge from the portrait presented by common metrics that only evaluate the access

<sup>83</sup> Ed Diener, “Subjective Well-being,” *Psychological Bulletin* 95, no. 3 (1984), 542–575.

of people to resources. Particularly, depending on peoples' experiences and evaluations of their everyday life, measurement of subjective well-being is simply used to get information on the perceived well-being of respondents considering the influence of changes in economic and social conditions, and the effects of those changes in tastes and references to them. Measurement of subjective well-being, in addition to being a source of information for combined changes in a country, can also be a useful source to see which social groups are dissatisfied or are experiencing a worse life.<sup>84</sup>

Contrary to the common belief that subjective well-being is generally limited to measurement of *happiness*; it consists of a more diverse range of concepts. In particular, subjective well-being includes:

Good mental states, including all of the various evaluations, positive and negative, that people make of their lives and the affective reactions of people to their experiences.<sup>85</sup>

This definition is very inclusive, covering the many different aspects of subjective well-being. Above all, it comprises measurement of the evaluation people make about their experiences as a whole. Even so, it also reflects people's level of satisfaction with their fiscal situation or health condition, as well as the *meaningfulness* or *purpose* of their life. This description of subjective well-being, therefore, involves three concepts:

1. Life evaluation: a person's reflective evaluation of his life,
2. Affect: a person's moods or emotional conditions,
3. Eudaimonia: meaning and purpose of life, or good mental health.<sup>86</sup>

The relative deprivation theory of Gurr suggests that it is the, "perceived discrepancy between value expectation and value capabilities" that motivates people to revolt.<sup>87</sup> It is not only the reality of deprivation that can create revolution but also the

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<sup>84</sup> Organisation for Economic Co-operation and Development, *OECD Guidelines on Measuring Subjective Well-Being*. (Paris; Washington, DC: Organisation for Economic Co-operation and Development, 2013), 36.

<sup>85</sup> John Tierney, "A New Gauge to See What's Beyond Happiness," *New York Times*, <http://www.nytimes.com/pages/todayspaper/index.html>.

<sup>86</sup> Organization for Economic Co-operation and Development, *OECD Guidelines on Measuring Subjective Well-Being*, 10.

<sup>87</sup> Gurr, *Why Men Rebel*, 37.

perception of this deprivation. Hardship on its own does not stir up people to revolt. To move from sorrow to mass action, people must first realize “a sense of social injustice.”<sup>88</sup> Gurr states that the impression that societal distribution of pain is unjust and suffering is expected is one of the leading prerequisites to action. If Tunisia’s revolution became the trigger for Egypt’s revolt, the gap between what Egyptians wanted and what they had provided the fuel. Egyptians’ sense that they were not profiting from the country’s economic growth laid the groundwork for the overthrow of Mubarak.<sup>89</sup>

### **C. GDP GROWTH AND DISCONTENT AMONG PEOPLE**

It was the “disconnect” among people that led to the 2011 Egyptian Revolution, because they were treated unfairly by a small group of rich people who got the greater portion of GDP.<sup>90</sup> Poverty alone did not cause the revolution and the overthrow of Egypt’s government. The difference between what *was* and what *should be* was the most important factor forming the chief motive for the country’s historic revolt.<sup>91</sup>

With real GDP growth numbers of 4.1 percent in 2004, 4.5 percent in 2005, and 6.8 percent in 2006, the Egyptian economy had recorded robust growth in recent years. Moreover, exports increased from \$7 billion in 2001 to \$18.4 billion in 2006, that is, 160 percent. As a percentage of GDP, exports grew from 7.6 percent to 17.3 percent. After experiencing deficits, extending from 1 to 3 percent of GDP from 1997 to 2000, the current number had increased since 2001, mostly due to increased exports of petroleum products, recording an excess of 5 percent in 2003 and 2004, and 2 percent in 2005. The total investment amount reached 18.7 percent of GDP, and foreign direct investment increased to 6 percent of GDP. The balance of payment account recorded excesses of

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<sup>88</sup> Barrington Moore, *Injustice: The Social Bases of Obedience and Revolt* (White Plains, New York: M. E. Sharpe, 1978), 540.

<sup>89</sup> Abu Dhabi Gallup center, “Egypt: The Arithmetic of Revolution.” Gallup World, <http://www.gallup.com/poll/157043/egypt-arithmetic-revolution.aspx>.

<sup>90</sup> Doaa S. Abdou and Zeinab Zaazou, “The Egyptian Revolution and Post Socio-Economic Impact,” *Topics in Middle Eastern and African Economies* 15, no. 1 (May 2013): 93.

<sup>91</sup> Ibid.

\$1.8 billion in 2005 and \$1 billion in 2006, thus helping the Central Bank to raise its foreign reserves, which led to \$22.7 billion by October 2006.<sup>92</sup>

Economic growth in Egypt increased the wealth of a small group, but many experienced decreasing access to this wealth (see Figure 13.) The figure shows that with the GDP growth “thriving”<sup>93</sup> the percentage of rich people was increasing, while it was decreasing for poor people. While Egyptians dreamed of the highest democratic ambitions of the region, it had the lowest. Many tolerated a paternal state-citizen type of state, where people agreed to less freedom in return for high-grade social services provided by the state; however, Egyptian people got neither. As Egyptian contentment about their freedom diminished, so did their satisfaction with services provided by the state. This double deterioration suggests that, according to many Egyptians, the old regime had been more similar to a prison guard than a generous father.<sup>94</sup>

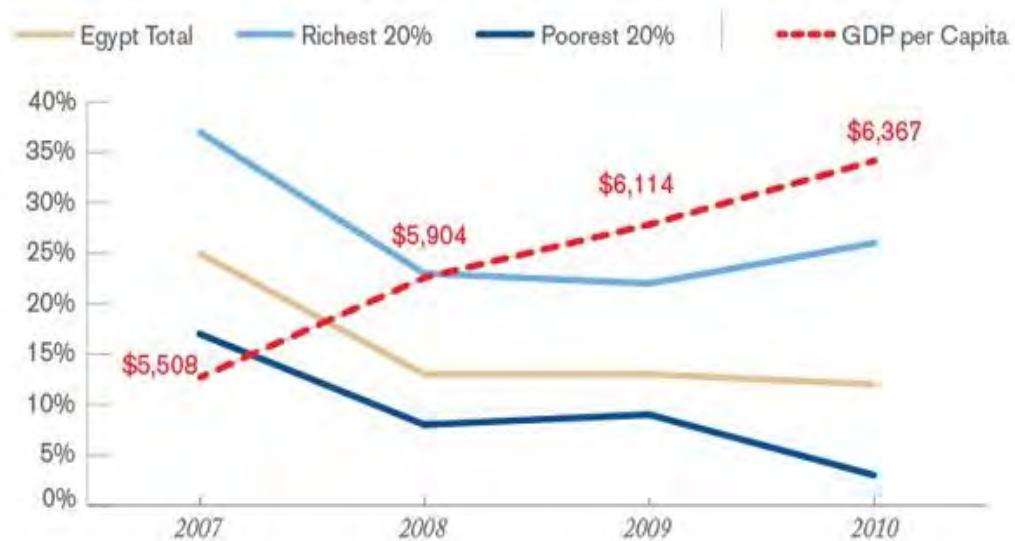


Figure 13. Percentage of Population Thriving (after Gallup, 2010).

<sup>92</sup> Sufyan Alissa, *The Political Economy of Reform in Egypt: Understanding the Role of Institutions* (Washington, D.C: Carnegie Endowment for International Peace, 2007), 11.

<sup>93</sup> “Thriving” is a gauge of subjective well-being measured by the Gallup Organization. It relies on answers to the Cantril measure of life satisfaction at the moment and how people hope their life to be in the next five years.

<sup>94</sup> Abu Dhabi Gallup center, “Egypt: The Arithmetic of Revolution,” Gallup World, Arithmetic. <http://www.gallup.com/poll/157043/egypt-arithmetic-revolution.aspx>.

Prior to 2011, there was a decline in contentment that was in contradiction with the more promising growth of GDP figures. Even as GDP increased, the well-being of Egyptians declined substantially. In Egypt, the percentage of people thriving dropped by 17 percent since 2005 (see Figure 13). This demonstrates how perceptions can render information on very important results in societies that other classical indicators such as GDP growth do not render.<sup>95</sup>

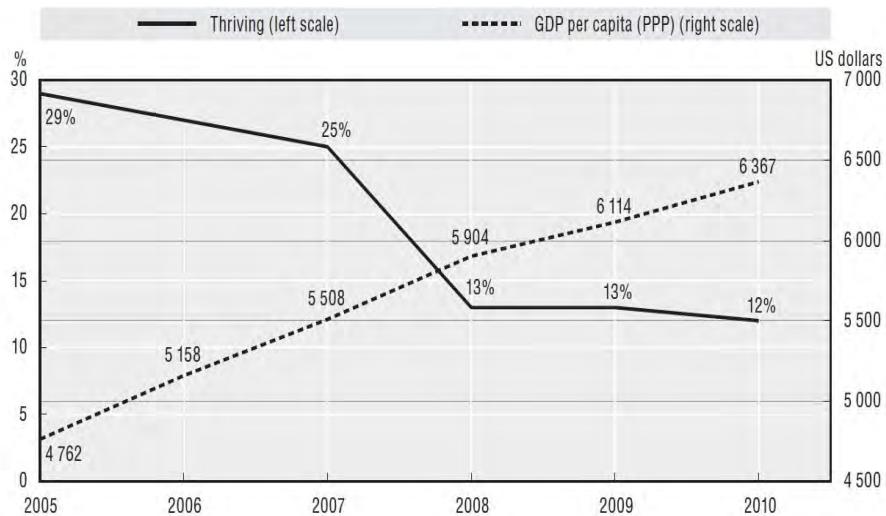


Figure 14. Trends in Subjective Well-being and GDP in Egypt, 2005–2010 (after Gallup, 2010).

#### D. DISCREPANCY OR MISCALCULATION OF GINI COEFFICIENT

One of the baffling aspects of the measurement of economic inequality in Egypt was the use of household surveys,<sup>96</sup> which do not appear to agree with people's perceptions. Both formal governmental statistics and the World Bank indicate that the Gini coefficient<sup>97</sup> had been declining during the last decade (2000–2010) from 36.1

<sup>95</sup> Organisation for Economic Co-operation and Development, *OECD Guidelines on Measuring Subjective Well-Being*, 37.

<sup>96</sup> Household Income, Expenditure and Consumption Survey (HIECS), 2011, conducted by Egypt's Central Agency for Public Mobilization and Statistics (CAPMAS). <http://www.erfdataportal.com/index.php/catalog/42>.

<sup>97</sup> The Gini coefficient (Gini index or Gini ratio) is a measure of statistical dispersion intended to represent the income distribution of a nation's residents.

percent to 30.7 percent in 2009.<sup>98</sup> This last percentage is lower than regional and international standards and it is also unusual for countries with low income that undergo rapid growth phases. Egypt had experienced a much extended growth period since the late 1980s. From 1996 to 2010, Egypt saw a growth rate of more than 5 percent, with peaks of over 7 percent from 2006 to 2008.<sup>99</sup>

In fact, the Gini coefficient is mostly subject to various statistical problems because it usually includes families who may underreport or not report their incomes. Moreover, the Gini coefficient is sensitive to extremes in income values. When rich families have a tendency to take part in surveys less often than poor families, the Gini coefficient may be miscalculated. Alternatively, if the rich report their incomes erroneously, the resulting incorrectness may greatly skew the Gini coefficient.<sup>100</sup> From another point of view, it might be said, for example, that when the richest 5 percent of the inhabitants was receiving 40 percent of the national revenue but now gets 30 percent, and the poorest 20 percent was receiving 3 percent of the national revenue but now receives 5 percent, it is accepted as progress in income distribution. This alleged improvement in the state of the poor is not real because such statistics are not enough to tell about whether the poor may be in a worse or better economic condition than they had been. Their proportion of the national revenue might really have been greater than it was, but their needs or ambitions might have increased as well, thus putting them in a more desperate situation. In such a situation, the increased level of buying power is useless in terms of people's contentment. On the other hand, the attitude of the rich toward them might have grown worse, causing the poor to feel even deeper desperation. Moreover, their acquiring a better portion of the national revenue might have become more depreciating, causing them greater alienation.<sup>101</sup>

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<sup>98</sup> World Bank, *World Development Indicators*, 2012. <http://data.worldbank.org/country/egypt-arab-republic>.

<sup>99</sup> Robert E. Looney, *Handbook of Emerging Economies*, 438.

<sup>100</sup> Vladimir Hlasny and Paolo Verme, "Top Incomes and the Measurement of Inequality in Egypt" (Policy Research Working Paper Series: 6557, World Bank, Washington, DC, 2013), 2.

<sup>101</sup> Amin, *Egypt in the Era of Hosni Mubarak: 1981–2011*, 145.

According to the HIECS 2011, in rural areas 26,500 households were sampled. The HIECS do indicate two important aspects of consequences that could actually help explain the incongruity between realities and perceptions. The first consequence the survey shows is that household welfare did not improve with the GDP growth. This would suggest that growth did not flow into the life of the whole population. Thus, even though families might have been reading stories about economic growth in newspapers, they were not feeling it directly. When people read and hear about economic growth, their expectations evidently increase for a healthier and better future; however, when they do not have most of the benefits of this growth, it frustrates those same expectations.<sup>102</sup>

The second consequence the survey shows is that the incongruity between GDP growth and household well-being increased in the years leading to 2011. This can be seen in Figure 15 by the gap between GDP growth on the one hand and income growth on the other, which increased suddenly from 2006 to 2010 right before the revolution. It is also obvious that not only the gap between GDP and measured household revenue had increased according to the HIECS but also the gap between GDP and household consumption increased according to national accounts. The statistics show an important gap between the expected increase in income and its real increase, rather than an improvement in inequality—a gap that widened over the years leading up to the revolution.<sup>103</sup> This indicates what made people discontent about their life and motivated them to want more than they had, thus taking to the streets to fight for it.

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<sup>102</sup> Paolo Verme, “Facts vs. Perceptions: Understanding Inequality in Egypt,” The World Bank, Last modified January 24, 2014. <https://blogs.worldbank.org/arabvoices/facts-vs-perceptions-understanding-inequality-egypt>.

<sup>103</sup> Household Income, Expenditure, and Consumption Survey (HIECS), 2011, Economic Research Forum and Central Agency For Public Mobilization & Statistics (CAPMAS).

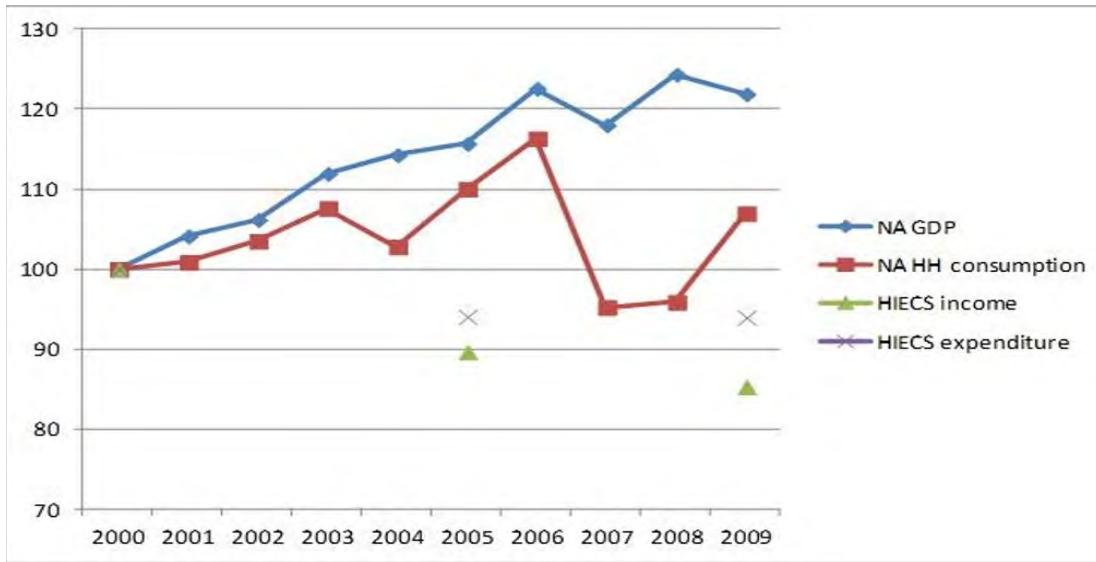


Figure 15. GDP, Income, and Expenditure Relationship (from World Bank, 2009).

## E. WHAT DO THE EGYPTIAN PEOPLE THINK?

Covering the same period as the HIECS, World Values Surveys (WVSS)<sup>104</sup> measured the general perceptions of the Egyptian people on economic inequality from 2000 to 2008. The World Values Survey is a comprehensive survey of opinions and views about a diverse range of topics. This survey includes a question about how people think of inequality, using a scale from one to ten, where one shows an aspiration for more equality and ten shows that people overlook higher levels of inequality.

As stated by WVSS, the years between 2000 and 2008 also experienced a notable change in people's perceptions on a wide range of topics. Preferences among Egyptians shifted from common concerns about freedom to very physical desires about stable food prices and GDP growth. Consistent with the HIECS data, there was also an obvious decline in the amount of reported pay and economic status. Families were poorer in 2008 than they were in 2000, and they were of the opinion that they were a part of a lower social class. When compared to concerns about pay, concerns about social status increased even more. The data suggests that individuals became more conscious of their

<sup>104</sup> The World Values Survey is a worldwide investigation of sociocultural and political change. It is conducted by a network of social scientists at leading universities all around world.

social status, and as opposed to absolute status, they became more conscious of their relative status.<sup>105</sup> Actually, the concern for social status explains the dislike for income inequality more explicitly than for the income itself.

As people draw benefits directly from the economic growth of their country, GDP and subjective well-being normally correspond to one another. For instance, growing GDP typically creates expanded enterprise and job opportunities. Nevertheless, as Egypt's GDP grew, people's perceived access to this new growth declined. In 2010, only the richest top 20 percent of Egyptians regarded their lives as better than they were in 2009.<sup>106</sup>

The public showed great dissatisfaction on many issues. One of those displeasures was the ease with which individuals could get official licenses to set up a new business, thus benefiting from Egypt's economic growth. According to the Legatum Prosperity Index,<sup>107</sup> Twenty percent of the Egyptians in 2010 said the government made the official procedure easy enough for businesspersons to start a business, as opposed to 26 percent who said the same in 2009.<sup>108</sup> In spite of the substantial growth, which made Egypt's industry globally competitive in key areas and raised the economy to *lower-middle income status* (World Bank definition) during the past two decades, a prevalent feeling of financial injustice fueled the anger for the revolution.<sup>109</sup> So, the population did not approve of the government even though the economy had improved, because they did not directly benefit from that situation. Moreover, the government did not use the revenues

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<sup>105</sup> Verme, "Facts vs. Perceptions: understanding inequality in Egypt."

<sup>106</sup> Abu Dhabi Gallup center, "Egypt: The Arithmetic of Revolution," Gallup World.  
<http://www.gallup.com/poll/157043/egypt-arithmetic-revolution.aspx>.

<sup>107</sup> Traditionally, a nation's wealth and prosperity have been based only on economic indicators such as a country's annual revenue measured by GDP. However, wealth and prosperity are more than just the collection of material wealth; wealth is also the enjoyment of the life and the ability to construct an even better life in the future. The Prosperity Index is a tool to measure the prosperity based on both income and well-being. It is an annual ranking, formed by the Legatum Institute, of 142 countries. The ranking is based on a wide range of factors including wealth, economic growth, education, health, personal well-being, and quality of life, and so on.

<sup>108</sup> Abu Dhabi Gallup center, "Egypt: The Arithmetic of Revolution," Gallup World.  
<http://www.gallup.com/poll/157043/egypt-arithmetic-revolution.aspx>.

<sup>109</sup> Magda Kandil, *The Egyptian Economy After The Revolution: Managing Creative Destruction, Prosperity in Depth: Egypt* (London: The Legatum Institute, 2012), 7.

from economic growth to deliver better social services to the population. If the job of government is to help people or to help people help themselves, then it had failed.

To some extent, income inequality is probably related to the sometimes stark divide between urban and rural households. Along with the government's inability to invest in rural infrastructure, the rapid increase in population hastened migration to already crowded cities, where the socially dislocated new inhabitants were last in line for rare jobs in the formal economy. Inequality is also heightened by the gradually increasing gap between the wealthy, benefiting disproportionately from market liberalization and privatization, and just about everybody else. Certainly, an aforementioned 0.32 Gini index is comparatively low by global figures—lower than in the UK and the United States. But it must be remembered that the Gini coefficient number mirrors income inequality instead of wealth inequality, which had swollen in very noticeable ways, particularly in the numbers reflecting housing quality.<sup>110</sup> There is also proof that the increase in food and fuel charges worldwide over the last decade increased the number of Egyptians experiencing real poverty.

Paradoxically, reforms designed to increase speed of economic growth had demolished the social fabric of the middle class, as well. College-educated young Egyptians were no longer able to get civil service jobs in a period of privatization and greater budget discipline, and were rejected for professional jobs in private initiatives because they lacked family relations and connections or technical abilities not having been sufficiently trained in colleges.<sup>111</sup>

## **F. CONCLUSION**

A rising GDP did not mean a rising standard of living. Even if the GDP were a more correct evaluation method of material well-being, it would still be mathematically likely for a great number of people to live in worse off economic conditions as GDP rises. This situation could happen if there is rising income inequality. In Egypt, that mathematical likelihood became an economic fact.

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<sup>110</sup> Ibid., 8.

<sup>111</sup> Ibid., 9.

Deteriorating standards of well-being were politically disruptive, and had naturally enough support for regime change. The regime was dictatorial in Egypt, and the demand for change arose as a commitment to democracy, a hatred for corruption, and demands for civil rights. By contrast, in democracies, deteriorating standards of living can have the opposite outcome. Institutionalized and open methods of regime change, such as voting, ease discontent for the moment; otherwise, people would look for new methods to satisfy their discontent.<sup>112</sup>

The lesson from Egypt is that GDP is a measure of the aggregated money in an economy, not a measure of distributed well-being. If persistent or growing well-being is what is politically and economically requested, it should be measured directly, not by GDP alone. No type of government, whether despotic or democratic, succeeds when the most of its citizens experience a deteriorating standard of living.<sup>113</sup> People are more likely to overthrow that government if they feel that they are not being heard, that their suffering is not being addressed adequately, when they see a small percentage of the population profiting from national economic growth and policies, and when they are reminded of the widening economic inequality.

The Egyptian government was not able to perceive what was going on in the streets and what people were thinking about the way of life they had. The government was under the illusion that it would solve the problem with short-term policies such as importing food; however, it made everything worse. It is recommended that the government of Egypt should take its people's pulse regularly, even if statistics show that they are doing well in economic terms. They can do this by conducting everyday surveys or holding elections on a regular basis.

Chapter VI considers unemployment among the youth in Egypt as the third pillar leading to the revolution. In addition to discussing poverty and unequal income distribution, we will evaluate the unemployment issue in correlation with these two topics. These three problems are all correlated each with one another.

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<sup>112</sup> Eric Zencey, "Growth of GDP and Discontent in Egypt and Tunisia," *New York Daily News*, March 7, 2011. <http://steadystate.org/growth-of-gdp-and-discontent-in-egypt-and-tunisia/>.

<sup>113</sup> Ibid.

## VI. THE ROLE OF UNEMPLOYMENT IN THE 2011 EGYPTIAN REVOLUTION

As the third pillar of the causes of 2011 Egyptian Revolution, youth unemployment played a critical role in stirring people to revolt. Having previously discussed poverty conditions among poor people and unequal income distribution of annual GDP being the two leading reasons of the revolution, we will take into consideration “youth unemployment” as the third important factor causing people to revolt. At first glance, it may seem that unemployment and poverty, which we discussed in the Chapter IV, are intertwined. However, unemployment is more crucial than poverty because people would be in a more desperate situation without a job, thus forcing them to revolt against the system.

Joined by ambitions and demands such as freedom, better incomes, and better working conditions, Egyptians from many parts of life took place in the protests. However, what formed the basis of the revolt was bewildering numbers of young people participating in demonstrations, and those numbers were essential to maintaining the protests. Hundreds of thousands started to get together in Tahrir Square in Cairo and other cities across the country. Egypt’s youth were the key element behind this rebellion.<sup>114</sup>

### A. POPULATION STRATUM

Although there are many other reasons for the revolution in Egypt, it can be said that the high level of youth unemployment is one of the most important motives for the crisis.

The absence of employment not only means income deficiency but also a deficiency of personality, self-respect, and respectability. It is not surprising that discouragement, monotony, and despair are common among unemployed people. Widespread unemployment among young people in close connection with widespread

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<sup>114</sup> Farzaneh Roudi-Fahimi, Shereen El- Feki, and Tyjen Tsai, “Youth Revolt in Egypt, a Country at the Turning Point,” Population Reference Bureau, February 2011, <http://www.prb.org/Publications/Articles/2011/youth-egypt-revolt.aspx>.

dissatisfaction provides fertile ground for revolt.<sup>115</sup> Employment serves as both an apparent function to earn a regular income to meet the basic needs of people, and as an underlying function to achieve a respectable position in the society and to become more socialized.

During Mubarak's 30-year reign, the Egyptian population increased from 45 million people to 85 million people (see Figure 16), which accounted for 90 percent of 45 million. This dramatic increase in population occurred despite the government's intensive campaign to slow down the population surge. Egypt had an undeniable demographic strength, not just in its overall population but its census distribution as well. Egypt was experiencing a youth bulge. Egypt had an overwhelmingly young population, a powerful engine of renewal for the country; one in five Egyptians was between ages 15 and 24, and one-half of the population was below age 25 (see Figure 17).<sup>116</sup>

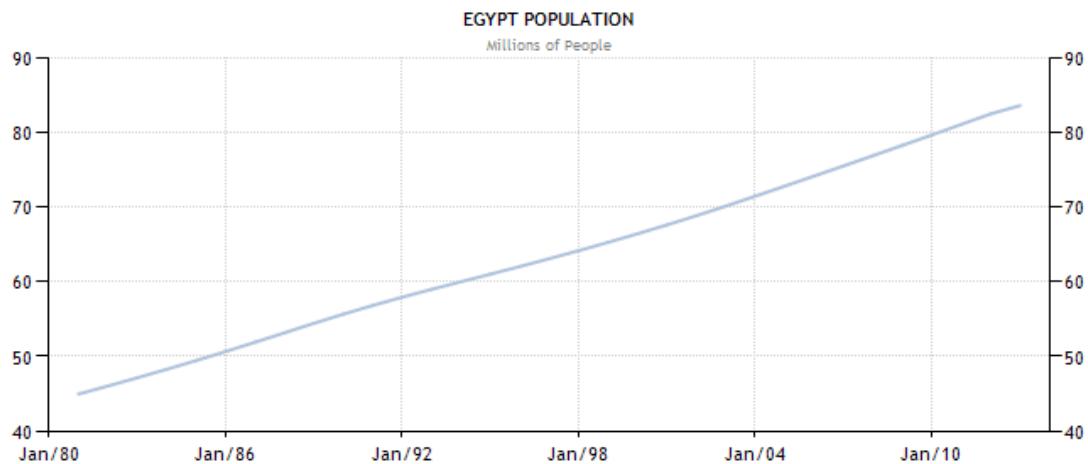


Figure 16. Egyptian Population Pyramid (from *CIA World Factbook*, 2014).

<sup>115</sup> Farzaneh Roudi-Fahimi et al., "Youth Revolt in Egypt," <http://www.prb.org/Publications/Articles/2011/youth-egypt-revolt.aspx>.

<sup>116</sup> Central Agency for Population Mobilization and Statistics. Population Clock (July 2008). <http://www.capmas.gov.eg>.

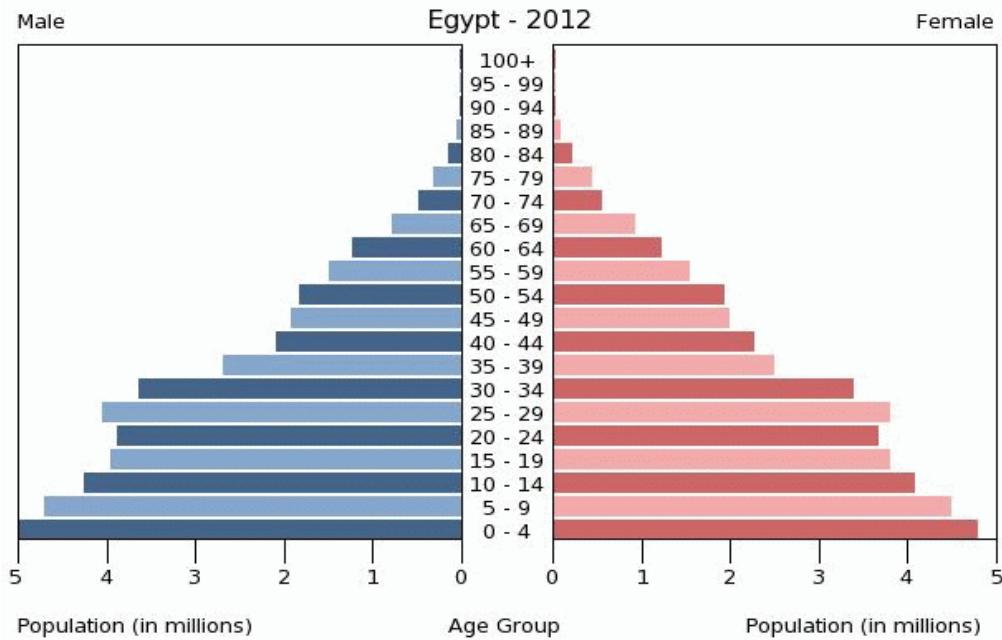


Figure 17. Egyptian Population Pyramid (from *CIA World Factbook*, 2012).

## B. YOUTH UNEMPLOYMENT

At the beginning of the 2011 Egyptian Revolution, young people certainly had the most at risk. The results of the revolution would have a direct impact on their lives and would bear future consequences in how they would build up their own next stage of life. They were a generation requesting access to good quality education, assured employment, and the economic steadiness necessary to start a family.

It is noteworthy that youth unemployment in Egypt was running at more than 30 percent whereas the general unemployment rate was 9.7 percent in 2010 according to the *CIA World Factbook*.<sup>117</sup> Millions of young people throughout the country were too angry for a long time about the lack of jobs. As such, the feeling of desperation resulting from inadequate work prospects came to a breakpoint. With a corrupt government that ignored investing in the younger generation, possibilities for the future seemed very sad. Consequently, a large part of the unemployed youth felt the necessity of working informal underpaid jobs, creating employment for them, or waiting for the recession to

<sup>117</sup> Central Intelligence Agency. "CIA World Factbook," Central Intelligence Agency. <https://www.cia.gov/library/publications/the-world-factbook/geos/eg.html>.

end and for their elders to retire.<sup>118</sup> Young people, as a result, became increasingly frustrated and upset.

The 2010 Annual Report of the Population Reference Bureau revealed that every year 700,000 newly graduated students looked for 200,000 employment openings, indicating that 90 percent of the people unemployed in Egypt were young people. During the January 25th revolution, the educated unemployed young people formed the basis of the demonstrators that were in the streets.<sup>119</sup> The percentage of new individuals entering the job market was at about 4 percent a year, making the unemployment rate in Egypt nearly ten times as high for college graduates, who were mostly educated urban young people, as it was for elementary school graduates.<sup>120</sup> Egypt's youth were the ones behind this 2011 revolution. They were forming the largest portion of the protestors during the Tahrir revolts requesting a job to meet their daily wants and live a better future.

Moreover, the Population Council's 2009 survey conducted among young people in Egypt showed that 30 percent of the youth between the ages of 15 and 29 was looking for ways to migrate, especially to an oil-rich Arab state, and mainly because they could not even imagine finding a job in Egypt.<sup>121</sup> Seventy percent of jobless young people said that they were unemployed because there was no work available for them. Additionally, more than 40 percent believed personal links with the powerful were more essential than personal talents in getting a job.<sup>122</sup> The youth did not have hope for the future to find even a low-paid job to meet their daily needs, not to mention their social needs.

Furthermore, another reason for young people to encounter serious difficulties in finding jobs was not only owing to the dearth of jobs proportionate to the numbers of new students in the labor market, but also because of the lack of a good education system.

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<sup>118</sup> Population Reference Bureau, *Annual Report*, 2010, <http://www.prb.org/pdf11/annualreport-2010.pdf>.

<sup>119</sup> Ibid.

<sup>120</sup> Andrey V. Korotayev and Julia V. Zinkina, "Egyptian Revolution: A Demographic Structural Analysis," *Entelequia. Revista Interdisciplinar* 13 (2011): 139–169.

<sup>121</sup> Sudirman Nasir, "Youth unemployment and Youth Revolution," <http://www.thejakartapost.com/news/2011/02/28/youth-unemployment-and-youth-revolution.html>.

<sup>122</sup> Population Council, *Survey of Young People in Egypt* (Cairo: Population Council, December 2010).

From another perspective, secondary and higher education had seen high entry levels for both young girls and young boys, but this high level of enrollment was not followed by higher job opportunities and pay for the young. Those who were not able to find a job often worked at low-paid jobs with bad conditions. These two unfortunate circumstances, high unemployment and low payment, were the main obstacles impeding many young Egyptians from getting married and starting a family. Approximately half of all Egyptian men between the ages of 25 and 29 were not married.<sup>123</sup> As reported in the 2010 survey, not more than 50 percent of the students with higher education who had taken part in the youth survey thought that their education background was sufficient training for the labor market.

### **C. DEPRIVATION AMONG YOUNG PEOPLE**

The Mubarak rule underestimated the anger of its crowds and young people due to economic growth.<sup>124</sup> As explained in the previous part, The youth did not have anything to lose, not a social position in society or a good job, and did not have much hope of achieving those in the near future because of growing population rate and decreasing job availabilities. They also did not care about the thoughts of the people around them if their movements stimulated revolt or contempt. As they felt that there was nothing to distinguish them from other young men walking in the streets, they felt unimportant and despised themselves. They were not afraid of the police because they did not have much to risk, and the policemen themselves did not seem much different from these young men.<sup>125</sup>

Like many countries with an increasing young population, Egypt struggled to create a sufficient number of good paying jobs to keep pace with the needs of the youth. One part of the investment strategies of Ben Ali and Mubarak was to provide public subsidies to workers and people through programs such as Tunisia's National

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<sup>123</sup> Dina Shehata, "The Fall of the Pharaoh: How Hosni Mubarak's Reign Came to an End," *Foreign Affairs* 90, no. 3 (2011): 14.

<sup>124</sup> Nomi Prins, "Egypt Needs an Economic Revolution - and the United States Could Learn from Its Unrest," *New York Daily News*, February 13, 2011, <http://www.nydailynews.com/opinion/egypt-economic-revolution-united-states-learn-unrest-article-1.138923#ixzz2i8QKvhCe..>

<sup>125</sup> Amin, *Egypt in the Era of Hosni Mubarak*, 75.

Employment Fund, which relied on both private and public donations for the employment of development plans all for deprived social groups and poor persons. Another part of these strategies was Egypt's policy of ensuring jobs for young graduates; however, these safety packages were put to an end in the last decade to cut costs. Getting public and other private employment was under the control of those who had close connections to the government, and in many cases, professional training was not sufficient. This resulted in extremely high joblessness among the youth in the country.<sup>126</sup>

#### **D. CONCLUSION**

Unemployment not only means absence of income, but also the absence of dignity, self-respect, and social standing. Disappointment, boredom, and hopelessness are common problems among jobless people. Widespread unemployment among young people in parallel with widespread disillusionment due to economic conditions paved the way for a revolt.

Numerous factors have had a role in encouraging Egyptians to take to the streets on January 25, 2011, projecting and broadcasting their upheaval and passions for the first time in many decades. Among a wide variety of different drivers of change were overpopulation, youth unemployment, poverty, and unequal income distribution throughout the country.

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<sup>126</sup> Goldstone, "Understanding the Revolutions of 2011," 8–16.

## VII. CONCLUSION

The 2011 Egyptian Revolution is the most debated revolution in recent world history. Although several reasons have emerged as to the causes of this revolution, lack of democracy, a prevalence of government corruption, and tribal/religious tensions were not its main catalysts, because they did not directly contribute to unbearable deprivation and economic inequality. Rather, the Egyptian revolution was an uprising against the deteriorating conditions of the economy, which resulted in increased poverty, increased unemployment, and increased income inequality.

Establishing the economic and social background of the revolt, the rapidly increasing food prices were of high importance. The rebellion in Egypt was more than an attempt to gain an ideal such as freedom or social rights. It was literally a fight for survival. The lack of food was a catalyst for this uprising, because when one country (such as Egypt) becomes routinely dependent on getting the majority of its food supply from other countries, it lays itself open to food and economic crises.

During the several years leading up to 2011, there was a relative increase in GDP rates; however, a rising GDP did not mean a rising standard of living. Even if the GDP were a more correct evaluation method of material well-being, it would still be mathematically likely for a great number of people to live in worse economic conditions as the GDP rises. This situation could happen if there is rising income inequality. In Egypt, that mathematical likelihood became an economic fact and the second major reason for the revolution in 2011.

The GDP is a measure of the aggregated money in an economy, not a measure of distributed well-being. If persistent or growing well-being is what is politically and economically requested, it should be measured directly, not by GDP alone. People are more likely to overthrow a government if they feel that they are not being heard, that their suffering is not being addressed adequately, or when they see a small percentage of the population profiting from national economic growth and policies, and when they are reminded of the widening economic inequality.

As the third pillar for causing a revolution, a high unemployment rate not only means the absence of income, but also the absence of dignity, self-respect, and social standing. Disappointment, boredom, and hopelessness are common problems among jobless people. In particular, widespread unemployment among young people in parallel with widespread disillusionment due to economic conditions, paves the way for a revolt.

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